



JOURNAL of the AMERICAN BANKERS ASSOCIATION

ISSUED THE TENTH OF THE MONTH BY
THE ASSOCIATION

Copyright 1914 by The American Bankers Association.

SUBSCRIPTION ONE DOLLAR A YEAR.

Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

FRED. E. FARNSWORTH, PUBLISHER,
General Secretary American Bankers Association.

ARTHUR D. WELTON, EDITOR,
Manager Department of Public Relations.

W. W. WAINE, ASSOCIATE EDITOR.

VOL. 7

DECEMBER, 1914

No. 6

OFFICERS AMERICAN BANKERS ASSOCIATION, 1914-1915.

PRESIDENT:

WM. A. LAW, First Vice-Pres. First National Bank, Philadelphia, Pa.

VICE-PRESIDENT:

JAMES K. LYNCH, Vice-Pres. First National Bank,
San Francisco, Cal.

GENERAL SECRETARY:

FRED. E. FARNSWORTH, 5 Nassau Street,
New York City.

TREASURER:

J. W. HOOPES, Vice-Pres. & Cashier City National Bank,
Galveston, Texas.

ASSISTANT SECRETARY:

WM. G. FITZWILSON, 5 Nassau Street, New York City.

GENERAL COUNSEL:

THOMAS B. PATON, 5 Nassau Street, New York City.

MANAGER PROTECTIVE DEPARTMENT:

L. W. GAMMON, 5 Nassau Street, New York City.

MANAGER DEPARTMENT OF PUBLIC RELATIONS:

A. D. WELTON, 5 Nassau Street, New York City.

TOPICS OF THE MONTH

OPENING OF THE NEW BANKS

THE opening of the twelve Federal Reserve banks on November 16th was not only the financial event of the month but of the year and probably of the century. The conclusion which holds that November 16th marked the dawn of a new financial era for the United States is correct. There was a deal of felicitation and many who had been lukewarm over the anticipation of the new system yielded to the enthusiasm and participated in the rather extravagant statements that ruled. Optimism was everywhere in evidence. Newspapers that failed to discover a movement toward a new banking system until politics was obtruded had laudatory articles. Mr. McAdoo wrote a congratulatory letter to Mr. Wilson and Mr. Wilson replied in kind, applauding the party and congratulating the country that credit had been made free. The future was painted in rosy hues, or hues as rosy as certain untoward activities in Flanders and Poland permitted.

There was much said that confirmed the already prevalent belief that the panacea for all commercial ills had not only been discovered but had been prescribed and administered. There was evident a disposition to believe that a revival or expansion of business, or what is

loosely termed prosperity, would come with the new banking system and because of it.

If the new system can come approximately near to bringing to realization the predictions made for it, it will be a marvelous achievement. There is, however, neither time nor occasion for self-deception. The new system was just as good last June, when it might have been in operation, as it is now, when it is partly operating. It is correctly designed and fairly intended. It is beyond question as good an act as could be passed by a legislative assemblage the majority of whose members are untrained in finance, untutored in economics and some of whom are beset by quaint and curious notions about banking and its functions and currency and its uses. In fact, when considered in relation to its legislative source, the act has appropriately been called the miracle of law making.

Financial systems, however, are not made by legislative enactment; they grow naturally and develop as the requirements of trade make new demands. There is no perfect financial system in existence. There will be none so long as public confidence remains an indispensable factor in financial stability. The new system is well ordered. It has good qualities. Some of

its defects have already been discovered. Others will be found later. They will be remedied. But the country is at the beginning, not the end, of its financial evolution. If the law had no particular defects, its rough edges would still have to be worn off; it would still have to be interpreted and the form and manner of its application defined. It would still have to grow into a coherent system understood not as the result of its study but because of experience in its administration.

A PREVENTIVE OF PANICS

Of the efficiency of many provisions in the new banking act there is no doubt. When reserve requirements may be suspended, when commercial paper may be rediscounted and when credit may be turned into currency, there will be no panics. But the making of a broad bill market is another question. It has not been determined whether the multiplicity of reserve banks will not be hampering. The disturbance caused by treasury operations has not been eliminated. The manner of the protection of the country's gold stock has not been determined. But there will be no panics. The newspapers and the politicians were right in that statement. But were they right in their declarations and intimations that there will be a sudden accession of prosperity? The banking system cannot of itself cause business activity. The benefits because of the change are likely, therefore, to be negative rather than positive. There have been panics because the banking system could not keep pace with inflationary enterprise. There have been panics because the legitimate demands of commerce exceeded the resources of the banks—when the banks had to cease loaning because the reserve requirements demanded it. There have been panics for other and more complex reasons. These conditions cannot now develop to the point of panic. Rediscounting will be the remedy for immediate relief; the suspension of reserve requirements will be the extreme prescription. Increased interest rates will halt business. Resources can be safely expanded under a pressure which will be relieved by the application of such remedies. The bankers have become experienced and wary. Much has been learned about fighting off panics even when the banking system made it difficult.

But panics, such as this country is familiar with, must not be confused with economic depression. The new banking system provides no facilities to prevent business stagnation or industrial lethargy. It cannot increase consumption, aid distribution or create markets. European countries have passed through economic depressions but their banking systems stood firm. In this country there will be rises and falls in business activity, there will be periods of prosperity and of depression but the banking system will contribute only the service that banking should render. It will merely not have the influence to transform depression into panic as has been the case heretofore; it will have also the influence to stay inflation and so prevent, in some measure at least, prosperity from destroying itself.

HAS CONFIDENCE BEEN SHATTERED?

Confidence, which is as much a part of the foundation of a banking system as gold, has been put to a severe test since midsummer. There has been much said about its absence and its restoration, but who can say that confidence has not remained unshaken? All the elements of panic seem to have been present except shattered confidence. Is it not a fair conclusion that the education which came with the agitation for a new banking system and the discussion which accompanied the pendency of the bill in Congress, has had a great effect? Banking in the character of the service it renders commerce is no longer the dark mystery it formerly was. The understanding of banking is by no means general, but it is extending and should be extended, until what banking does and what it means becomes the particular information of individuals to the end that the knowledge may be universal among men.

THE REDISCOUNT RATES

The Federal Reserve Board increased the rediscount rates sent in for approval by some of the reserve banks. The twelve operating banks are presumably better qualified to fix rediscount rates in their districts than the Federal Reserve Board. They are in touch with business conditions. The Federal Reserve Board is not. And yet in these cases the Federal Reserve Board was right and the operating bank was wrong. Presumably the intention in suggesting a lower rate than was approved was to help business. The inevitable result would have been to drive funds to the districts where higher rates prevailed. Lower rates in all districts, if maintained for any length of time, would tend to send funds abroad and lead to the exportation of gold. American business is bidding against Europe in these days.

The Federal Reserve Board will have occasion to exercise its power "to review and determine" the rates of rediscount until all the officials of the reserve banks have become familiar with the causes and influence of the rates. It is natural that there should be conflicting views as to the rates of rediscount. The report that the establishment of the new banking system would bring a period of cheap and easy money seems to have been widely circulated and generally believed. It was a pleasing report. There was nothing disagreeable in the thought that the new banks could grant credit and issue currency to almost any extent. Why should interest rates not be low under such circumstances?

Unfortunately for such dreams the new banks are subject to reserve requirements and the quantity of gold in the country is limited. Unfortunately, too, interest rates are not determined by the popular wish. It is of supreme importance that the rediscount rate reflects conditions with exactness. The situation is not the same in this country as with the central banks of Europe. These banks do discounting as well as rediscounting. But the rediscount rate here will necessarily have close relation with the rates charged by banks. If it were lower, rediscounting for profit would be en-

couraged and the resources of the reserve banks would soon be exhausted or so impaired that their power to meet emergencies would be gone. If it is too much higher the reserve banks will not earn their expenses. If it is just enough higher it will draw sufficient business at short maturities to insure liquidity and act as a trade barometer, giving warning when it rises and encouraging activity when it falls.

The rediscountrate is a new factor in American banking and American business. It has been made clear that the Federal Reserve Board has no intention of usurping the functions of the reserve banks. It has announced that the rediscountrates will not be lowered immediately. The reserve banks will not be allowed to fix rates to attract business. The policy—if it is yet a policy—is that the reserve banks are for use only when ordinary facilities are inadequate.

RESERVE BANK EARNINGS

It is no time to make predictions, but the wisdom of having created twelve reserve banks is already open to question. Business is by no means brisk with them. The total amount of rediscountrates on November 27th was less than \$8,000,000. The New York bank had more than one-third of the total resources, and Chicago more than one-seventh, while Dallas, Atlanta and Richmond combined contributed little more to the total assets than Cleveland.

The banks are not fairly in operation yet. So far as the necessity for activity is concerned, they came into existence inopportunistly. There will be larger demands on them later. New lines of activity are to be opened up for them. But, in ordinary times of peace, the reserve banks would have occasion to rediscountrate liberally during a comparatively short time in the spring and a longer time in the fall. Rediscountrating is their source of profit. Any study of the situation makes it problematical whether twelve reserve banks can earn their way and also pay the expenses of the Federal Reserve Board.

RELEASED RESERVES

The release of funds previously held in bank reserves was not particularly apparent except in the central reserve cities. The reserves in these cities were all in cash and the reduction of seven per cent. in statutory requirements released many millions. This money is available for any demands that may be made. Its utilization for commercial purposes depends, however, on the opinion of the reserve bank officials and the Federal Reserve Board as to what constitutes a demand.

In New York the clearing house committee made emphatic the point that the excess of reserve appearing in the bank statement would be a weekly phenomenon. The banks would continue to show such excess because they have not yet found it practicable to work on a reserve as low as the law permits.

The reduction in statutory reserve requirements merely enlarges the banking discretion which measures the reserve necessary according to the condition of the

bank's business. A pending amendment to the Federal reserve act, whose passage is recommended by the reserve board, empowers member banks to carry all their reserves with the Federal reserve bank. When this amendment has been passed, some portion of the excess reserve will find its way into the New York Reserve Bank where it can be transformed, probably by investment in foreign bills, into a secondary reserve. This will provide the bank with the most liquid of investments and give the fullest measure of control over the country's gold stock.

GOVERNMENT DEPOSITS

The secretary of the treasury has not yet exercised the power vested in him by the new law to designate the reserve banks as fiscal agents of the government. He has not deposited any portion of the general fund in the treasury with the reserve banks. Under the law he may or may not do this as he pleases.

Attention has previously been called to this provision as one of the great blunders in the law. At the Richmond convention President Reynolds pointed out the dangers. Congressman Glass, in reply and explanation, said no one had complained of this power in 1907 when the secretary of the treasury deposited with the banks the funds that arrested the panic; but he said that he agreed with Mr. Reynolds that no individual government officer should have such power.

It is no answer to the argument to cite instances in which the power has been beneficially exercised. What occurred under the old law has no particular bearing in this respect on the operations under the new. The national banks were compelled to enter the new system. It is under direct government supervision and regulation. If it is not safe for the government, it is not safe for the people. The demand is not for a banking system which must lean on the government but one on which the government may lean. It is no more important that the government survive than that commerce and industry survive.

The underlying purpose in forming the new law was to secure a unified financial scheme. In such a scheme as was contemplated there is no room for anything so archaic in design and so disturbing in practice as the treasury system under which the government is its own banker.

The power left the secretary by the new law is further inharmonious because it impairs the automaticity of the new system; it substitutes for normal action, the resultant of the making of fixed rules, arbitrary decree which may be based on caprice or a mistaken diagnosis of financial conditions. The latter is characteristic of paternalism. Its presence adds nothing to the new system's quality of service. It mars its scientific character. Every time the secretary exercises his legal right to select a reserve bank for government funds, he invites criticism. If he should distribute the general fund equitably among the banks and permit the several accounts to increase or diminish according to regional collections and disbursements or according to

any reasonable rule, the objections would still obtain. The secretary can, in any event, aid one district at the expense of another or one district at the expense of all. If there were a succession of geniuses in the office and years were passed with only the most benevolent exercise of the discretion, who can say there would not follow the dynasty of benevolent despots, one who would want to smash the whole system? It was the power Andrew Jackson used to kill the second United States bank and it is immaterial whether it was wisely or unwisely applied.

NOTE ISSUES

Federal reserve notes to the amount of \$2,700,000 have been issued by the reserve banks. It was probably as much the purpose to get samples into circulation as to meet any real demand for additional circulating medium. The constant retirement of the issues of emergency notes, and constant reiteration of the fact that the banks did not use all that were issued, shows that there is enough circulation. Clearing house certificates are also being rapidly retired.

Business may be promising in the prospect, as is indicated by numerous citations of manufacturing resumption and glowing prophecies, or it may be decidedly dull as is indicated by reports of unemployment and appeals for help from charitable organizations, but the country evidently has as much currency as it needs and perhaps more. So far as credit is concerned the new banking system gives the needed elasticity; there is no doubt of the efficacy of the rediscounth system to provide continuous credit. In regard to rates, however, elasticity is possible only for the surplus of circulation beyond the fixed elements in the currency system. The greenbacks and silver are fixed by law and national bank notes are practically fixed by the bonds in existence; gold was the only elastic element in the old currency system. It will be the only elastic element in the new system until the demand for currency exceeds the fixed supply.

The country is apparently approaching the point where the fixed currency will be ample for its requirements. If there is a redundancy there will be inflation. But so far as the new law is concerned there will be elasticity only in the gold element until the demand exceeds the amount of existing issues of all kinds.

COMMITTEE ON STATE BANKS

In accordance with the resolutions adopted at the Richmond convention, President Law has appointed a committee to confer with the Federal Reserve Board as to amendments to the reserve act affecting state institutions. Superficially expressed the idea is to make the new system more inviting to the state banks by the elimination of disadvantages. The names of the members of the committee are printed in the official list. Uzal H. McCarter, of the Fidelity Trust Company, of Newark, is the chairman, but no time for a first conference with the Reserve Board has yet been agreed on.

The Reserve Board has under consideration the

matter of rules and regulations governing the admission to the system of state banks. About 100 out of 19,000 have made application.

The questions involved are numerous and complex. Many state institutions have studied the problem only to find that they would sacrifice many advantages they now enjoy if they entered the system and that the advantages they would gain would not offset the losses. Many more have decided to wait for a demonstration of the workings of the new system. Nothing at all has been settled in respect of the state institutions except that it is desirable to have a unified banking system. There can be no unity unless a majority of the state banks come in. They can't be forced in. Sentimental arguments will not influence them. Many national banks are still considering the feasibility of leaving the system and taking out state charters.

When some obvious disadvantages that state banks would encounter under the law, as it is now, have been removed, the decision to join or not to join the system must depend on the nature of the business of the bank in question. The commercial banks may be handicapped by isolation, but the banks whose business is not largely commercial will want to be shown that independence is not to their advantage.

The reserve act was designed to revolutionize commercial banking. Provisions affecting banking of other kinds were afterthoughts or were injected to meet arguments political rather than practical. It is not surprising, therefore, that the law contains nothing that appeals particularly to savings banks, trust companies or the state institutions whose success has been won because they were free to take any kind of business that offered.

RULES AND REGULATIONS

No better demonstration of the wisdom of the Federal Reserve Board can be found than in the rules and regulations issued. No objection has been registered against their practicability. They attest not only careful and earnest study but familiarity with banking operations and, most of all, the power to analyze business conditions when the conditions are complicated and baffling.

The board profited by the long discussion as to the relative merits of one-name and two-name paper. A preference for one over the other or serious discrimination against single-name paper would materially affect the free play of the new system. The form commercial paper takes results rather from business than banking custom. Any change in business custom is slow work. Single-name paper is the kind in common use.

It is a product of a business custom by which manufacturers and jobbers "carry" their customers and use their own credit in the process. There are many thousands of small merchants who have no borrowing relations with banks; they are "carried" by the jobbers. Often the latter charge interest on overdue account, thus earning what is really a banker's profit. Against the accounts on which they may charge a fair rate of

interest they may borrow at a low rate and so earn another profit which is not the natural product of merchandising.

The small merchants do not object to this system but are usually content to be held in fief. Obviously any change in such fixed customs will be slow. To get the small merchants to understand the advantage of paying cash and to utilize their own credit instead of that of the jobbers who supply them, is no small matter and there will be reluctance. Their notes may have to be paid when due. This is considered in some localities a great hardship.

CONTESTING THE DOLLAR TAX

A lawyer's opinion that the \$1 tax on capital, surplus and undivided profits is not applicable to trust companies, has greatly interested the latter. It is reported that the Farmers' Loan and Trust Co. of New York will probably contest the payment of the tax. It is recalled

that the Farmers' Loan and Trust Co., and the Central Trust Company of New York, won similar cases after the Spanish-American war under a law whose wording was the same in effect. The contention was that the capital of the trust companies bringing the suit was used in permanent investments and not in the banking business. The treasury department did not carry the case to the Supreme Court after an adverse decision from the Circuit Court of Appeals.

Trust companies which contemplate such litigation will apparently have to be prepared to prove that they do not exercise the banking functions of deposit and discount.

The picture of the Harvester Trust plant on the \$10 reserve notes is being adversely criticized. It is argued that this is elastic currency and should bear the picture of a rubber plant.



A. B. A. MEN IN THE RESERVE BANK SYSTEM

THE twelve Federal Reserve Banks have 108 directors. The Governor is not a director. Of directors and managing officers the total is therefore 120. Of these 120 men 60 were drawn from a list of men actively engaged in the banking business. No Class B directors may be officer, director or employee of any bank, and no Class C director may be even a stockholder. However, several of the men selected for the positions of Reserve Agent and Deputy Reserve Agent were obliged to sell their holdings of bank stock in order to qualify for the positions. Many of them held bank positions when chosen, as was natural. The law provides that the

Federal Reserve Agent shall be a man of tested banking experience.

The membership of the American Bankers Association was drawn on heavily for directors and officers, while of the 60 men not disqualified by banking connections, 30 are, or have been, particularly active in the conduct of the American Bankers Association. Three ex-presidents of the Association are Reserve Bank directors. The Vice-President of the Association is a director. Four members of the Association's Currency Commission are directors, while twenty-three directors have been on prominent committees or members of the Executive Council of the Association.

Reserve District.	Position.	Name.	A. B. A.
1	Reserve Agent	Frederick H. Curtis	Formerly Executive Council.
1	Governor	Alfred L. Aiken	Formerly President Savings Bank Section.
2	Director	Robert H. Treman	Executive Council.
2	Reserve Agent	Pierre Jay	Committees.
4	Director	Robert Wardrop	Currency Commission.
4	Director	S. B. Rankin	Secretary Ohio Association.
4	Reserve Agent	D. C. Wills	Executive Council.
4	Governor	E. R. Fancher	Formerly Executive Council and President Clearing House Section.
5	Reserve Agent	William Ingle	Committees.
6	Director	L. P. Hillyer	Formerly Executive Council.
6	Director	F. W. Foote	Formerly Executive Council.
6	Governor	Joseph A. McCord	Executive Council Currency Commission.
7	Director	George M. Reynolds	Ex-President.
7	Director	James B. Forgan	Vice-Chairman Currency Commission.
7	Director	E. L. Johnson	Formerly Executive Council.
8	Director	Walker Hill	Ex-President.
8	Director	F. O. Watts	Ex-President.
9	Director	J. C. Bassett	Formerly Executive Council.
10	Director	Gordon Jones	Formerly Executive Council.
10	Director	J. W. Bailey	Formerly Executive Council.
10	Director	C. E. Burnham	Executive Council.
10	Director	L. A. Wilson	Formerly Executive Council.
10	Deputy Reserve Agent	A. E. Ramsay	Executive Council.
10	Governor	Charles M. Sawyer	Formerly Executive Council.
11	Director	E. K. Smith	Formerly Executive Council.
11	Deputy Reserve Agent	W. F. McCaleb	Executive Council.
12	Director	C. K. McIntosh	Formerly Executive Council.
12	Director	James K. Lynch	Vice-President.
12	Reserve Agent	John Perrin	Currency Commission.

Rules and Regulations Issued by The Federal Reserve Board

The regulations, rules and definitions formulated and published by the Federal Reserve Board are not only matters of interest and great importance to bankers but to business men also. The nature and form of commercial paper acceptable for rediscount by the reserve banks will influence the conduct of all bankers in extending credits whether their banks are members of the reserve system or not. It is of equal interest to borrowers to know the form of commercial paper that is to be acceptable for rediscount and therefore in the preferred class of credit instruments. The ultimate change in the form of the great bulk of commercial paper is as much a business as a banking revolution. In the regulations covering the forms of commercial paper acceptable will be found intimations of the preferences of the Board. There are also expressed views as to the world's business and financial situation and the obligations of bankers in regard thereto. This general situation has had an effect on the conduct of the Reserve Board in giving practical application to the new banking system. Every banker should be familiar with the rules, regulations and circulars of the Federal Reserve Board.

CIRCULAR No. 13.

Washington, November 10, 1914.

To all Federal Reserve Banks:

In view of the impending opening of the Federal reserve banks, the Federal Reserve Board deems it proper to outline in this circular, in broad general terms, the discount policy which it believes might be pursued to advantage by the Federal reserve banks at the outset.

While the most acute stage of the recent financial emergency appears to have passed, the conditions in other countries make it necessary that the United States should, to the utmost degree of efficiency, organize and make available its own resources in order that it may provide for its own needs and replace the facilities suddenly destroyed by the closing of so many of the accustomed channels of credit and trade.

The directors and governors of the Federal reserve banks at a conference in Washington on October 20th and 21st recommended that the banks be opened without attempting at the outset to perform all the functions and duties contemplated in the act, but that they be prepared to accept deposits of reserves payable in lawful money, to discount bills of exchange and commercial paper, and to accept the deposit (after the reserve payments had been made) of checks drawn by member banks on any Federal reserve bank or member banks in the reserve and central reserve cities within their respective districts. It was the opinion of the conference that arrangements for the exercise of the additional powers granted by the act to the Federal reserve banks be completed as rapidly as the establishment of safe and efficient organizations would permit. The Federal Reserve Board is in accord with these suggestions.

It should be borne in mind that, although our exports are showing a gratifying increase, there is still a large cash balance due to European countries for which gold may be demanded, and that a large quantity of American securities held abroad may be returned to the United States; while on the other hand more than \$300,000,000 of emergency currency must be gradually retired. No one can estimate the duration of the war or predict what will be the financial and commercial conditions when peace shall be restored. Our own industrial development has been greatly facilitated by foreign capital, and we have been accustomed to borrow large sums annually in Europe and to sell American securities there, which attracted foreigners because of their higher rate of return as compared with European investments. It is probable that at the end of the war interest rates in Europe will be higher than they have been in the past and greater investment returns will be yielded. The tremendous destruction of property and waste of capital will not only check the flow of European savings to the United States, but may dispose foreign investors to return us the securities they now hold. Lower money rates in this country would be likely to accentuate this tendency, while, on the other

hand, higher interest rates and larger investment returns on our side would check it.

The function of the Federal reserve banks is, therefore, of a twofold character. They should extend credit facilities, particularly where the abnormal conditions now prevailing have created emergencies demanding prompt accommodation; and, on the other hand, they must protect the gold holdings of this country in order that such holdings may remain adequate to meet demands that may be made upon them. While credit facilities should be liberally extended in some parts of the country, it would appear advisable to proceed with caution in districts not in need of immediate relief and to await the effect of the release of reserves and of the changes which the credit mechanism of the country is about to experience before establishing a definite discount policy.

Commercial paper.—The Federal Reserve Board, under section 13 of the Federal Reserve Act, has the right to determine or define the character of paper eligible for discount, to wit, "notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes."

Bearing in mind the requirements of the present situation, the Federal Reserve Board believes that it would be inadvisable at this time to issue regulations placing a narrow or restricted interpretation upon the section defining the character of paper eligible for discount. It has, therefore, been decided not at this time to enter upon the discussion of the question of single or double name paper, but to admit both forms of bills to rediscount with the Federal reserve banks.

The Federal Reserve Board proposes, however, to prescribe the following basic principles for the guidance of Federal reserve banks and member banks:

(a) No bill shall be admitted to rediscount by Federal reserve banks the proceeds of which have been or are to be applied to permanent investment, and regulation No. 2 has been formulated with the intention of giving effect to this principle, and is herewith inclosed.

(b) Maturities of discounted bills should be well distributed. It is the well-established practice of European reserve banks to invest only in obligations maturing within a short time. It is a general rule not to purchase paper having more than 90 days to run. The maturities of these notes and bills are so well distributed as to enable those banks within a short time to strengthen their hold on the general money market by collecting at maturity or by reinvesting at a higher rate a very substantial proportion of their assets. Acting on this principle, the Federal reserve banks should be in a position to liquidate, whenever such a course is necessary, substantially one-third of all their investments within a period of 30 days. Departure from this principle will endanger the safety of the system. It is observance of this principle that affords justification for permitting member banks to

count balances with Federal reserve banks as the equivalent of cash reserves.

(c) Bills should be essentially self-liquidating.

Safety requires not only that bills* held by the Federal reserve banks should be of short and well distributed maturities, but, in addition, should be of such character that it is reasonably certain that they can be collected when they mature. They ought to be essentially "self-liquidating," or, in other words, should represent in every case some distinct step or stage in the productive or distributive process—the progression of goods from producer to consumer. The more nearly these steps approach the final consumer the smaller will be the amount involved in each transaction as represented by the bill, and the more automatically self-liquidating will be its character.

Double-name paper drawn on a purchaser against an actual sale of goods affords, from the economic point of view, *prima facie* evidence of the character of the transaction from which it arose. Single-name notes, now so freely used in the United States, may represent the same kind of transactions as those bearing two names. Inasmuch, however, as the single-name paper does not show on its face the character of the transaction out of which it arose—an admitted weakness of this form of paper—it is incumbent upon each Federal reserve bank to insist that the character of the business and the general status of the concern supplying such paper should be carefully examined in order that the discounting bank may be certain that no such single-name paper has been issued for purposes excluded by the act, such as investments of a permanent or speculative nature. Only careful inquiry on these points will render it safe and proper for a Federal reserve bank to consider such paper a "self-liquidating" investment at maturity.

Turning now to the question of procedure, it is not thought necessary to impose upon the banks the observance of methods which would involve needless difficulty or delay. It is therefore not deemed essential that a statement of condition be attached to each bill when sold to a Federal reserve bank. It is, however, thought advisable by the board to require that on and after January 15, 1915, no paper shall be discounted or purchased by Federal reserve banks that does not bear on its face the evidence that it is eligible for rediscount under the principles and definitions above outlined and as expressed in regulation No. 2, and that the seller of the paper has given a statement to the member bank. A rubber stamp stating, in substance—

Eligible for Rediscount with
FEDERAL RESERVE BANKS

Under Regulations of
Federal Reserve Board Circular No. 13.

CREDIT FILE NO. ——

DISTRICT NO. ——

(Name of Member Bank.)

is considered sufficient evidence to that effect at this time. It would be understood that the Federal reserve bank could at any time call for the appropriate credit file, and it may well be expected that the data thus gathered—particularly the files of more important firms and of those rediscounting in larger amounts—will be so catalogued as to furnish the nucleus of an effective credit bureau which, in turn, may eventually develop into a central credit bureau for the benefit of all the Federal reserve banks of the system.

For the time being, certified accountant's statements will not be required. This matter is reserved for regulation at a later date. The required statement as outlined above should be signed under oath and should contain a short general description of the character of the business, the balance sheet, and the profit and loss account. Assets should be divided into permanent or fixed investments, slow assets, and quick assets. On the liability side should be shown capital,

long-term loans and short-term loans. Short-term loans should be in proper proportion to quick assets, and the statement should contain satisfactory evidence that short-term paper is not being sold against permanent or slow investments. The statement should, furthermore, show the maximum aggregate amount up to which the concern supplying this paper expects to borrow on short credit or sale of its paper, and the concern giving the statement should obligate itself to obtain the member bank's consent before exceeding the agreed limit. The affixing of the stamp stating such paper to be eligible for rediscount will be considered a solemn and binding declaration by the member bank that the statement has been examined from this point of view and that the paper bought complies with all the requirements of the law and the regulations hereby imposed.

The board appends two additional regulations: No. 3, covering discount transactions on or before January 15th; No. 4, discount operations on and after January 15th.

Six-months paper.—The law provides that the Federal Reserve Board shall fix the percentage of its capital (by which is understood that portion of the capital paid in) up to which a Federal reserve bank may discount "notes, drafts and bills drawn or issued for agricultural purposes, or based on live stock, and having a maturity not exceeding six months." The law permits the Federal Reserve Board to deal with each Federal reserve bank individually in fixing this limit.

The Federal Reserve Board has determined to fix this limit generally and until further notice, at 25 per cent. of the capital that shall have been paid in from time to time. For those districts in which, during certain seasons, six-months paper is particularly required to carry through agricultural operations the limit will be increased from time to time upon requests made by Federal reserve banks to the Federal Reserve Board.

Regulation No. 5, relating to six-months paper, is appended hereto.

Regulation No. 6, relating to bank acceptances, is likewise appended.

CHARLES S. HAMLIN,
Governor.

REGULATION No. 2.

That part of section 13 of the Federal Reserve Act which relates to rediscount operations of Federal reserve banks reads as follows:

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts and bills of exchange arising out of actual commercial transactions; that is, notes, drafts and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this act. Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: Provided, That notes, drafts and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time

*For brevity's sake, the words "bills" and "notes" whenever used in these paragraphs include bills, notes, and drafts, as specified in the act.

of discount, of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm or corporation rediscouned for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months' sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section 19 of the Federal Reserve Act, relating to reserve, reads in part as follows:

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen properly indorsed and acceptable to the said reserve bank.*

The announcement to be made by the Secretary of the Treasury on November 16th will bring into operation these two sections, and it is accordingly necessary that the several Federal reserve banks shall be advised of the characteristics that must be possessed by paper offered for rediscoun to be acceptable under the terms of the act.

While section 13 provides that the Federal Reserve Board shall have the right to determine or define the character of the paper thus eligible for discount within the meaning of the act, the section referred to defines in general terms the elements which such paper must possess in order to be eligible.

All paper offered for discount under this section to any Federal reserve bank must conform to the following requirements:

First. It must be indorsed by a National or State bank or trust company which is a member of the Federal reserve bank to which it is offered for rediscoun.

Second. Such bank must, with its indorsement, waive demand notice and protest.

Third. Paper so offered shall be in the form of notes, drafts, or bills of exchange arising out of commercial transactions; that is, notes, drafts and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

Fourth. If in the form of acceptances, they must be based on transactions involving the importation or exportation of goods and must have a maturity at the time of discount of not more than three months to run. They must furthermore be indorsed by at least one member bank, and the total amount offered shall in no event exceed one-half the paid-up capital stock and surplus of the bank offering same.

Fifth. The aggregate of notes and bills bearing the signatures or indorsement of any one person, company, firm, or corporation rediscouned for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Subject to these limitations, it devolves upon the Federal Reserve Board to determine or define for the several Federal reserve banks (1) notes, drafts and

*Attention is called to the fact that the error in the original act which refers to eligible paper, referred to in section 14, has been corrected by amendment approved August 15, 1914, and this section now reads:

"Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section thirteen properly indorsed and acceptable to the Federal reserve bank."

bills of exchange eligible for rediscoun; (2) bank acceptances eligible for rediscoun.*

The limitations relating to rediscoun operations, contained in section 13 of the act, may be divided into two classes: First, those positive limitations under which such notes, drafts and bills of exchange may be accepted for rediscoun; and, second, those limitations specifically stating what paper shall be excluded.

If we begin with the latter, we find the very clear provision excluding all notes, drafts and bills of exchange which are "issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment securities (except bonds and notes of the Government of the United States)." This clause does not require comment.

The act further excludes notes, drafts and bills of exchange covering "merely investments."

Any funds employed in agriculture, commerce, or industry are quasi-investments, and the emphasis is, therefore, to be laid on the word "merely" in this connection.

From this point of view are to be excluded all bills whose proceeds have been or are to be used in permanent or fixed investments of any kind. "Agricultural, industrial or commercial purposes" cannot, therefore, be held to include investments in land, plant, machinery, permanent improvements, or transactions of a similar nature.

The purchase of commodities for purposes which are merely speculative and not connected with an ultimate process of manufacturing or distribution would constitute a "mere" investment, and bills covering such investments are accordingly not eligible for rediscoun.

In order to be eligible for rediscoun bills must "arise out of actual commercial transactions," and "the proceeds must have been used or they are to be used for agricultural, industrial, or commercial purposes."

In like manner "notes, drafts and bills of exchange secured by staple agricultural products or other goods, wares, or merchandise" are eligible for rediscoun provided they arise out of "actual commercial transactions" covering some particular stage in the process of production and distribution.

They are not eligible when drawn to cover merely speculative investments.

CHARLES S. HAMLIN,
Governor.

REGULATION NO. 3.

Whenever a member bank shall offer for rediscoun any note, draft or bill of exchange bearing the indorsement of such member bank, with waiver of demand notice and protest, the directors or executive committee of the Federal reserve bank may, until January 15, 1915, accept as evidence that the proceeds of such note, draft or bill of exchange were or are to be used for agricultural, industrial, or commercial purposes (and that such notes, drafts or bills of exchange in other respects comply with the regulations of the board) a written statement from the officer of the applying bank that of his own knowledge and belief the original loan was made for one of the purposes mentioned, and that the provisions of the act and regulations issued by the board have been complied with.

CHARLES S. HAMLIN,
Governor.

REGULATION NO. 4.

From and after January 15, 1915, all notes, drafts or bills of exchange offered for rediscoun shall show on their face, or by indorsement, a statement substantially to the following effect:

Eligible for rediscoun with Federal reserve banks under regulations of the Federal Reserve Board Circular No. 13—

Credit File No.

District No.

Name of member bank....

*Bank acceptances eligible for rediscoun are defined in regulation No. 6.

The credit file number shall refer to evidence in possession of the member bank that the proceeds of such notes, drafts, or bills of exchange, under the terms of the loans made or to be made, were, or are to be, used for agricultural, industrial, or commercial purposes, as required by section 13 of the Federal Reserve Act and as imposed by regulation No. 2 of the Federal Reserve Board, and such credit files shall be open to inspection by any examiner appointed by the Comptroller of the Currency or selected by the Federal reserve bank discounting same, and copies of such files, or any part thereof, shall be furnished to the officers of the Federal reserve bank upon request.

The credit files referred to should contain not only evidence of the purpose or purposes for which such loans are made but also full and complete information as to the financial responsibility of the borrower, including a short general description of the character of the business, balance sheet, and profit and loss account of the borrower. Assets should be divided into permanent or fixed investments, slow assets and quick assets. On the liability side should be shown capital, long-time loans and short-term loans. Short-term loans should be in proper proportion to quick assets, and the statement should contain satisfactory evidence that short-term paper is not being sold against permanent or slow investments. The statement should, furthermore, show the maximum aggregate amount up to which the concern supplying this paper expects to borrow on short credit or sale of its paper, and the individual, firm or corporation giving the statement should obligate himself or itself to obtain the member bank's consent before exceeding the agreed limit. The affixing of the stamp stating such paper to be eligible for rediscount will be considered a solemn and binding declaration by the member bank that the statement has been examined from this point of view and that the paper bought complies with all the requirements of the law and of the regulations hereby imposed.

REGULATION No. 5.

Whenever notes, drafts, or bills of exchange offered for rediscount have a maturity of more than three but less than six months, and the Federal reserve bank has been satisfied in the manner provided by regulation No. 2 that the proceeds of loans applied for are used or are to be used for agricultural purposes or are based upon live stock, such notes, drafts, and bills of exchange may, until further notice, be accepted for rediscount in an aggregate amount not exceeding 25 per cent of the paid-in capital of the Federal reserve bank accepting same.

REGULATION No. 6.

Whenever bank acceptances are offered for rediscount it must appear on the face of such acceptances

that the proceeds thereof were used or are to be used in connection with a transaction involving the importation or exportation of goods; that is to say, it must appear that there has been an actual bona fide sale which involves the transportation of goods from some foreign country to the United States or from the United States to some foreign country.

REGULATION No. 7.

Section 19 of the Federal Reserve Act provides in part as follows:

Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

The term "time deposits" is interpreted to include any deposits subject to check upon which the bank has the right by written contract entered into with the depositor at the time the deposit was made to require from such depositor not less than thirty days' notice before such deposit or any part thereof may be withdrawn. Any agreement, written or verbal, entered into by a member bank with a depositor not to enforce the terms of such contract of deposit shall be construed as vitiating the contract, and any member bank reporting as time deposits any deposits on which it has not the right to require not less than thirty days' notice before withdrawal, may be subject to the penalties prescribed by Section 5209 of the Revised Statutes of the United States.

The term "savings accounts" shall be held to include those interest-bearing accounts which are carried with the bank under written agreement on the part of the bank to pay a specific rate of interest, which rate is to be paid to all other depositors having similar accounts and where the depositor is required to present his pass-book with each check drawn. Savings accounts shall not be held to include any ordinary checking accounts where presentation of the pass-book with the check is not required.

In the case of State banks and trust companies located in States whose laws require that funds accruing from savings accounts shall be invested in any particular class of securities, only those accounts whose balances are so invested and which are handled so as to comply with the technical requirements of the State laws shall be held to be savings accounts within the meaning of this Act.



DANIEL R. WILKE, DEAD.

DANIEL R. WILKE, General Manager of the Imperial Bank of Canada, and President of the Canadian Bankers' Association, died of apoplexy at his home in Toronto, Ontario, November 17th. Mr. Wilke had been in the banking business for more than fifty years and was well known to prominent financiers both in Canada and abroad. He was in his sixty-eighth year and was born in Quebec.

Mr. Wilke was graduated from the Quebec High School and Morren College and entered the Quebec Bank at Quebec in 1862. He was a member of a number of clubs, among them the Union Club of London, England; the Albany, National, Toronto, the Hunt, the Toronto Golf and the Lambton Golf Club of Toronto and the Mount Royal Club of Montreal. He married Miss Sara Caroline Benson, a

daughter of the Hon. J. R. Benson, of St. Catharines, Ontario, who, with two sons and a daughter, survives him.

THE A.B.A. BOND FORM USED.

THE form of bond required of the officers of Federal Reserve Banks by the Federal Reserve Board will be the 1913 copyright fidelity bond of the American Bankers Association as compiled by the Insurance Committee. The Reserve Board has issued a notice to insurance companies which says, among other things:

"The form of bond required will be the current copyright bond of the American Bankers Association in blanket form, that for the Governor and the staff covering all the employees of each bank for a uniform amount."

THE NON-BORROWING COUNTRY BANK

The Federal Reserve Act Considered In Relation to Business and Credit Customs—What Does the System Profit the Country Bank—Question is Not Where to Get Money But Where to Place it.

By David Jameson,

President Citizens National Bank of New Castle, Pa.

OUR bank is typical. There are thousands of country banks like it. It is in a town of 40,000 population, where the demand for money never equals the supply. I have talked to officers from quite a number of banks like ours. They think the Federal Bank scheme deals harshly with them; so harshly that they will try to find relief in some of the ways open to them.

We are told we must not knock. We are exhorted to boost the new scheme, and we have been trying to do it. One way to do it will be to point out and help correct features that may need correction. Just now it looks to some of us as if we had been compelled to furnish materials for the construction of a petard on which we will be the first to be hoisted. The primary purpose of the new law was "to furnish an elastic currency." But for whose benefit is the elastic currency provided? It is for the benefit of the public, rather than that of the banks. It costs the public, who get the benefit, nothing. It costs a conservatively managed bank like ours, which gets no benefit, several thousand dollars per year. This is manifestly unjust. The principal supposed benefits to us are: (a) The reduction of legal reserves from 15 per cent. to 12 per cent.; (b) the "privilege" to rediscount paper of a kind which we do not own, to meet an emergency which has never arisen.

The legal reserve may be one thing and the reserve required by the exigencies of a bank's business may be another thing. We cannot conduct our business properly and safely on a reduced reserve. Hence this change in the law is no benefit.

Carrying as we do liberal cash reserves, we have been in position to meet every emergency which has ever arisen without rediscounting a note or borrowing a dollar. To us the privilege to borrow or rediscount does not look like a benefit. What we need most of the time is discounts, not rediscounts. Our problem is to get paper for our money, not money for our paper.

Competition from Reserve Banks.

Instead of helping us to solve this problem, they complicate it. They compete with us for much of the paper we have heretofore obtained. Between our contribution to its capital and the five per cent. of our deposits which must be kept with them, the Federal Reserve Bank will have something over one hundred thousand dollars of our money for the use of which they may pay us nothing. In the past our best sources of paper have been our city correspondents, who might have had more than they needed. In the future, instead of sending that paper to us, the city bank, which is no longer bidding for our

reserve account, will send it to the regional bank for rediscount. The regional bank will rediscount it with our money. We will have with them, say, \$30,000 contribution to capital and \$75,000 reserve on deposits. All they can pay us is six per cent. on the capital, or \$1,800. Hardly anybody believes they will earn or pay that much. We have in the past earned on that money eight to ten per cent. on the capital, or, say, \$2,400, and three per cent. on the reserve, or \$2,250, a total of \$4,650, against a possible earning of \$1,800 under the new system. This looks like a clear loss of \$2,850. Is there any good reason why we should submit to it? If the public wants an elastic currency, the public ought to have an elastic currency; but is there any reason why they can't have it without bleeding the country bank so unmercifully?

Paper for Rediscount.

What about the paper they will rediscount if an emergency arises?

They tell us the paper which will be rediscounted "should be essentially self-liquidating." The proceeds must not go into "permanent investments." It is safe to say that more than eighty per cent. of the paper in the average country bank is paper the proceeds of which have gone into the more or less permanent investments of the borrower. Furthermore, if we did not take such paper, our money would be idle in our vaults much of the time. Other institutions more in harmony with the spirit of the times would be doing the business and their stock would be paying the dividends. The new law does not meet and provide for conditions that are, but it attempts to provide for conditions as its framers wish they were. I am not convinced that conditions as they are are not to be preferred to conditions as bankers might wish them. I am not sure that an attempt is not being made to turn the clock which marks business progress back about twenty years.

Effect of Experience.

Strict business paper disappeared, at least from the iron regions, after the panic of 1892. Prior to that time metal producers had sold their output on three or four months' time, taking the note or acceptance of buyers in distant places. This paper the manufacturer endorsed and discounted in his bank. In so many cases the manufacturer found his confidence misplaced that, after the year referred to, a system of trade discounts was devised, the primary purpose of which was to compel buyers to get their credit at home where they were known. There could be only one reason why a buyer did not pay cash and take the benefit of a discount which amounted to ten or twelve per cent. per annum, and that reason would be that he did not have credit at home good enough to borrow on it at six per cent. The manufacturers argued that they ought not to give credit to a man who could not get credit from those who had the best means of knowing his responsibility. While this change practically ended the issue of business paper in this line of business, and compelled

the buyers in many cases to borrow a portion of their working capital at their home banks, in many instances on accommodation endorsements or mortgages, who can say it was not a step in the right direction? Exactly the same change has taken place in many lines other than iron and steel. It will be said the buyers, in meeting this change, should have paid in more permanent working capital. Most of them did not have it. They were fabricators, small manufacturers and merchants. The banks had idle money; no real, old-fashioned commercial paper was obtainable. If they earned dividends, they must get loans. They knew the accommodation paper being offered did not conform to the old-time standards; but it was all there was, and they took it. The amount varied a little with the seasons, but not much. The banker knew that the borrower was using it as part of his more or less "permanent" capital. He knew that if he asked to have it paid, the borrower would take his account to some less particular institution, and pay by borrowing there.

Old-Style Business Paper.

I believe this transition from business paper credits, accorded at a place remote from that at which the paper was issued, to home credits obtained where the one accommodated is best known, was a natural evolution. This plan, by which large discounts for cash payments offered by the seller compels the buyer to borrow at home, prevails in nearly all of the better lines of business. Indeed, it seems to me the only lines of business in which the old business paper system of payment still exists are lines in which credits are most questionable. I be-

lieve the banker who reads this will confirm what I am saying. In the lines of business which are conducted most skilfully, and those in which the banker can make loans most safely, there is no longer any old-style business paper which can be truthfully said to represent in every case some distinct step or stage in the productive or distributive process—"the progression of goods from producer to consumer" and the proceeds of which does not come to be regarded by lender and borrower as investment more or less "permanent."

Cut Down Losses.

The business world has obtained too much benefit from this improved system of credits to willingly go back to former methods. Their losses have been cut down enormously by the simple expedient which compels the buyer to get credit where he is known instead of where he is unknown. The discount for cash has done it. The banks cannot compel the business world to undo the progress of twenty years. If the banks try it, it will be the banks that do that will get hurt. If certain banks undertake to withdraw the more or less "permanent" capital which they are loaning, others more liberal will get the business, the interest and the deposits now coming to such banks. When the withdrawing banks try to reinvest their money in self-liquidating paper to borrowers who will not employ it in any sense as part of their "permanent investment," they will find there will not be near enough of such paper to go around. They will seek wider opportunities and will probably find it advisable to withdraw from a system in which their activities are so much restricted and their earnings so much reduced.



THE INVESTMENT BANKERS AT PHILADELPHIA

THE third annual convention of the Investment Bankers' Association, which was held in Philadelphia November 12 and 13, was as remarkable for the spirit of aggressiveness and optimism as for the number of delegates present. The organization has made astonishing progress in the variety of its activities and the vigor and clarity with which it attacks the questions in which it is interested. Its work in regard to "blue-sky" laws was most notable, and the impression it created before the Interstate Commerce Commission in its exposition of the railroad rate problem was little short of profound.

At Philadelphia the business of every delegate was to attend every meeting. Every speaker was given close attention and every subject was earnestly discussed. A visitor could gather only the impression that the business of the investment bankers was exceedingly brisk, whereas no class of business was halted by the war and the closing of the exchanges like this one. There was also evident a clear sense of the responsibility which attaches to the business of gathering the savings and surplus of the country into the form which makes for business growth and industrial development.

The breadth of the investment banker's interest is attested by the subjects which were discussed by the various speakers. President George B. Caldwell

covered the general situation; Rudolph Diamand, of A. B. Leach & Co., had a well thought out paper on "The Investment Banker and the Federal Reserve Law"; John J. Arnold, of the First National Bank, Chicago, spoke on "International Trade and Foreign Exchange"; Andrew J. Frame, of the Waukesha National Bank, of Waukesha, Wis., spoke on the solution of the public utility problem; W. H. Coverdale, of New York, on the steam railroad situation, and Rufus C. Dawes, of Chicago, on "Modern Gas Companies as Security for Bonds."

General Secretary Fred. E. Farnsworth, of the American Bankers Association, was present and made a short address to the convention. A. D. Welton, of the Department of Public Relations of the A. B. A., was also a guest.

The report of Secretary Frederick R. Fenton gave the membership as 356. The officers elected are as follows: President, A. B. Leach, A. B. Leach & Co., New York; vice-presidents, Frank W. Rollins, E. H. Rollins & Sons, Boston; Allen G. Hoyt, N. W. Halsey & Co., New York; John E. Blunt, Jr., Merchants' Loan and Trust Company, Chicago; J. W. Edminson, W. R. Staats & Co., San Francisco; Charles A. Otis, Otis & Co., Cleveland; secretary, Frederick R. Fenton, Devitt, Tremble & Co., Chicago; treasurer, J. Herndon Smith, Smith, Moore & Co., St. Louis.

Rules For Charging Collections Under the Federal Reserve Act

An Opinion Rendered by O. Howard Wolfe, Member of the Preliminary Organization Committee, and Secretary of the Clearing House Section, American Bankers Association.

1. The Federal Reserve Act (Section 16) provides that member banks may charge "actual expenses incurred in collecting and remitting funds." Based upon ordinary banking practices, charges for two kinds of service are contemplated, rendered by the banks to two classes of "patrons" or clients, depositors in the one case and other banks and individuals in the second case. The provision thus applies first to the cost of converting deposits of checks, drafts, notes and other credit instruments into cash or loanable funds. The principle which should govern is that all deposits, except deposits of lawful money, are deposited for collection and credit (even if credited for mutual convenience before collection) and the element of chargeable expense ceases as soon as the funds deposited are converted into cash in the possession of the member bank or placed to its credit with a Federal Reserve Bank.

2. The second application of the provision is to the cost of remitting exchange for checks and drafts drawn upon the bank or for collecting items drawn upon other banks and individuals and making remittance therefor. Attention may here be called to the fact that the provision does not apply to the payment of items received by the member bank from its Federal Reserve Bank. Such items are neither collected nor remitted, but are paid at the Federal Reserve Bank acting as a clearing house. The cost incidental to the payment of such items may be charged to the drawers of the checks at rates to be fixed by the Federal Reserve Board. Charges permitted under the act may be based, therefore, on what may be hereinafter designated as collection costs and remittance costs.

3. The purpose of this memorandum is to show what may lawfully be included in the maximum "actual expenses" referred to in the act, and to suggest a general method whereby such costs may be determined. The opinion may be advanced that the Federal Reserve Board will not exercise its inferred right to review the charges made by member banks until such time as the Reserve Banks are exercising the functions of clearing houses for their members to a full extent. Nor is it likely that member banks will be compelled to install costly cost-accounting systems to enable them to determine the exact costs in every case. Such a ruling would defeat the purpose of the Act, which is obviously to prevent unjust charges and to provide check collection facilities that will be scientific, efficient and economical. It is quite conceivable that the Reserve Board may, in time, furnish all member banks with a scale of maximum rates for services which may be applied and which will be based upon average costs.

4. Funds other than lawful money, which are placed in the hands of a bank either for deposit or for collection and remittance consist of the following classes:

- a. Checks drawn upon the bank itself, herein-after referred to as self-checks.
- b. Checks drawn upon either member or non-member banks in the same city or town, hereinafter referred to as local checks.
- c. Checks drawn upon member banks in the same district, but not in the same town, hereinafter referred to as district member checks.
- d. Checks drawn upon member banks in other districts hereinafter referred to as transit member checks.
- e. Checks drawn upon non-members (except local) hereinafter referred to as transit non-member checks.
- f. Sight and time drafts, bills of exchange, notes, etc., hereinafter referred to as collection items.

Drafts on Federal Reserve Banks are not included in the above classifications, since they will practically be the equivalent of cash after the Federal Reserve Clearing House is established.

It is suggested that all banks should educate their depositors into making rough divisions of these classes of items upon the deposit tickets. The extent to which this may be done is, of course, a matter between the bank and its depositor. The majority of banks now provide deposit tickets upon which the depositor is requested to make a certain assortment of items, and experience has demonstrated that depositors, as a rule, willingly co-operate with the banks once the purpose of any plan is made clear to them. The "block system" of proving deposits could also be adapted to serve the purpose of assorting items subject to different charges.

5. The cost of converting deposits of the various funds classified in paragraph 4 into cash will first be considered. It will be found convenient to divide this cost into four elements:

- First Cost—Clerical hire, including administration.
- Second Cost—Stationery, postage and mechanical devices.
- Third Cost—Overhead expenses, such as rent, heat, light, etc.
- Fourth Cost—Exchange charges; collection charges made by sub-agents, clearing houses or Federal Reserve Banks.

Special service costs, as, for example, special presentation, special routing of items, telegraph and telephone costs, etc., should not be included since such costs are usually applied to the client through a special charge or are absorbed by the bank as a feature of its individual service.

6. In estimating collection costs, self-checks should not be included since, in receiving them on deposit, the bank technically pays them, and all costs incidental to the payment of checks are properly chargeable to the drawers. For all other classes of

items, the first, second and third costs should be based on a unit system, that is, the cost of each item. It will be found more convenient to use one hundred items as the unit and the collection costs should be charged to depositors monthly, the first, second and third costs at a per-hundred-of-items collected rate, and the fourth cost at a per-hundred-of-dollars collected rate.

7. For all practical purposes, local checks may be eliminated from collection costs since it is not likely that banks will ever make a charge for the collection of such items, although the law permits such a charge. It will be found advisable, however, to keep a record of the number of local items collected in order better to estimate the unit cost of the other items collected. Furthermore, in estimating remittance costs, the collection costs of local items will be considered.

The first step is to make a count for the period of one month of all classes of checks mentioned in paragraph 4, except possibly group "f," which may be treated separately, if handled in a separate department. The number of self-checks (a) and the number of local checks (b) should each be kept separately. The total count of classes (c), (d) and (e) may be grouped in one since for all practical purposes, the first, second and third costs which are on the unit basis are the same for the three classes.

8. The next step is to ascertain the proportion of the expenses of the bank during the same month due to first, second and third costs, properly chargeable to the "collection of funds." In estimating the total clerk hire involved, to the salaries of the officers, tellers and clerks who give their time exclusively to handling items deposited, should be added a proper proportion of the time of others who give only a part of their time. In estimating the monthly cost of mechanical devices under second cost, the original price of adding machines, etc., should be divided by the average number of months such devices survive. In estimating postage costs [applicable to (c), (d) and (e)] a fair deduction must be made for enclosures which are not concerned with check collection. In estimating third costs, lobby and vault space must not be included since this item of expense would be the same, if not larger, if deposits were exclusively in lawful money.

The proportion of the number of self-checks to the total number of items deposited is next determined and the total cost under each element must be reduced by the same ratio. Self-checks cashed must not be included in this calculation with self-checks deposited. The net costs of each kind may now be divided by the total number of checks under group (b) and the sum of groups (c), (d) and (e) to arrive at the unit cost of collection under first, second and third costs. This calculation need be made but once each year during a fair average month.

9. The fourth cost is applicable to transit member and transit non-member checks only. Collection items, after they have been paid—when payable out of town—are included in these two groups. District member checks are payable at par at the Federal Reserve Bank. Transit member checks will probably be subject to a slight charge by the Federal Reserve Bank, which will be fixed by the Reserve Bank. If either district or transit member checks are collected

through other channels than the Reserve Bank, no additional expenses incurred may be added to fourth costs on this account. Items collected through the clearing house may be made subject to a fourth cost charge equal to the expense rate charged by such clearing house. Such charges apply to transit non-member checks only. The fourth cost applying to such checks may be based on actual exchange charged by the banks on which the checks are drawn, but in no case may the rate to be charged by the member bank in either collection or remittance cost be larger than the express rate of shipping currency from the non-member to the member.

10. Remittance cost may be defined in this case to mean the collection cost plus the cost of exchange. The initial or collection cost will be the same as outlined previously except that an additional cost may be added under first, second and third cost classifications, to cover the actual mechanical details incidental to making remittance. This cost is upon the unit basis. The fourth cost in remittances is upon the dollar basis. No first, second or third costs may be added for remitting for self-checks. Such costs are incidental to payment and are properly chargeable to the drawers of the checks. The rate of exchange for remitting for self-checks must not exceed the express rate on currency shipments between the bank and the centre on which the exchange is desired. Banks situated in the same city with their Federal Reserve Bank should make no exchange charge for remitting with their drafts on the Federal Reserve Bank. Banks not located in the Federal Reserve cities when remitting for self-checks with their draft on the Reserve Bank may charge exchange at the currency express rate to the Reserve Bank. The purpose or justification of such a charge lies in the fact that checks on them should be deposited by member banks with their Reserve Banks. Non-member banks bear this cost as a result of not entering the system. The same ruling applies to remittance costs for district and transit member checks except that there should be no additional fourth cost added to the original exchange cost charged by the remitting bank for remitting self-checks. The only additional charges would be for first, second and third costs. The remittance cost for transit non-member checks shall be collection costs as outlined in paragraph 9, plus the exchange cost proper for self-checks. We may designate exchange costs charged by out-of-town banks as fifth cost to distinguish such charges from the exchange charged by the member bank for collecting or remitting such items.

11. The collection and remittance costs, chargeable under the law covering all classes of items, may now be summarized as follows:

Collection Costs.	Remittance Costs.
a. Self-checks.....	None.....Fourth cost.
b. Local checks.....	First, second, and third. First, second, third and fourth.
c. District member checks.....	First, second and third. First, second, third and fourth.
d. Transit member checks.....	First, second and third. First, second, third and fourth.
e. Transit non-member checks.....	First, second, third and fifth.....First, second, third, fourth and fifth.
	(Plus any collection charge by Federal Reserve Bank.)
	{ (Plus any collection charge by Federal Reserve Bank.)

THE BANKER-FARMER

Publication of the Agricultural Commission Is Making Great Progress—Supplied to Bankers for Distribution at Cost.

THE "Banker-Farmer" begins its second year with the December issue. It is published monthly by the Agricultural Commission of the American Bankers' Association to foster the interest of the American banker in agriculture and kindred subjects and to bring together the banker and the farmer.

The "Banker-Farmer," an experiment in its first year, met with a constantly increasing assurance that it was doing the work intended. It crystallized the interest that the American Bankers' Association and the state associations were taking in the great movement for a better agriculture. It carried home to thousands of people a new idea of the American banker. It was able to recruit for the agricultural movement numerous bankers, anxious to get in and help, but unaware of the best manner in which to begin.

At the Richmond convention of the American Bankers' Association it was unanimously decided that the monthly magazine should be continued by the Agricultural Commission. B. F. Harris of Champaign, Ill., chairman of the commission, who had given practically all his time to the details of the publication during the first year, was authorized to engage Louis M. Tobin as associate editor.

By this arrangement the Commission expects to see the "Banker-Farmer" increase in usefulness. Many editors of farm journals and of metropolitan and country newspapers have expressed gratification that the American bankers had determined to make it permanent. Plans are being mapped out which promise to make the "Banker-Farmer" more than ever worthy to represent the unmistakable interest of the American banker in agriculture, rural life, education and allied subjects.

"Banker-Farmer" articles are characterized by brevity. It seldom publishes an article of more than one page—and it has only sixteen pages. It carries no advertisements. The layman and the scientist seem to read it with equal pleasure. The banker who shies at formidable-appearing agricultural literature finds in its very brevity an incentive to read.

December Contributions.

The contributors to the December issue include Forrest Crissey, the well-known writer; President William A. Law of the American Bankers' Association; E. Davenport, dean of the Illinois College of Agriculture, and M. F. Horine, statistician of the Chicago Union Stock Yards Company. With the Level bill for farm demonstration going into effect as one of the direct results of the bankers' interest, the "Banker-Farmer" devotes several pages to the opportunity for bankers to aid. "The Story of a Rich Cornbelt County and a Demonstrator" by Louis M. Tobin is a first-hand account of prejudices overcome and results earned, that is certain to be of value to many bankers.

Many state associations are sending the monthly to their member banks. Banks which are not receiv-

ing the "Banker-Farmer" may have a year's subscription for fifty cents. Address the "Banker-Farmer," Champaign, Ill.

Banks Distribute "Banker-Farmer."

Circulation of the publication by banks during 1914 was a big factor in bringing to the attention of the farmer the work that the bankers were doing. The Agricultural Commission desired to circulate as many magazines as possible by this method and a special rate for quantities was made—\$1 a hundred copies a month. This is the cost.

Hundreds of banks have responded to the proposition and most of them are maintaining their orders to-day, while many new orders have been received. A number of institutions decided that one of the best Christmas remembrances for their farmer customers would be the "Banker-Farmer" for a year. They wrote that they believed this would be far better than spending money on some "souvenir" of dubious worth.

Circulation by Banks Popular.

Circulation by banks is expected by the Agricultural Commission to become more popular monthly. The bank which places the "Banker-Farmer" in the hands of a farmer-friend for the rest of the year will have done everybody service—itself, the farmer, the country and banks in general.

As an interesting sidelight the Commission reports one illuminating incident: a farmer in Pennsylvania subscribed for seventeen "Banker-Farmers" for the bankers in his section.

The banker who has failed to come across a copy of this monthly may secure a sample copy on application to the office at Champaign, Ill.; if he is interested in the idea of circulating "Banker-Farmers" among his farming friends he may secure information as to cost and method promptly. If he has any agricultural activity, the "Banker-Farmer" will be interested in its workings. It wants to hear what every banker thinks about the movement—what he is doing to advance it.

GEORGIA CLEARING HOUSE ASSOCIATION.

A CLEARING House Association was formed in the State of Georgia, at Atlanta, on Wednesday, November 11th. Sixty-five bankers were present at the meeting. Operations will begin on January first, with headquarters at Atlanta. All banking institutions are eligible, including national, state and private banks. Checks deposited by Georgia banks will be cleared at par and the association will give banks in the state the same clearing facilities as reserve bank members.

WASHINGTON BANKERS' ASSOCIATION.

DURING the first two days of the convention of the American Bankers Association in Seattle next year, the twentieth annual meeting of the Washington Bankers' Association will be held. This decision was reached at a meeting of the executive committee of the state organization recently held in Seattle.

"RURAL CREDITS"

Myron T. Herrick Has Put His Studies of European Systems Into a Book—Thorough Exposition of the History of European Co-operative Credit Systems, Their Origin and Effectiveness.

"Rural Credits" is the title under which Myron T. Herrick tells the results of his exhaustive investigations of the various systems in vogue in Europe. The book is published by D. Appleton & Co., and 500 pages are required in the exposition of a subject which is now appealing for general notice.

Mr. Herrick has succeeded admirably in his purpose to get into convenient form the history of the European systems and the causes and conditions which lead to their establishment. The prefatory explanation is that the purpose of the book is "to throw light upon the subject of rural credits and to lay before the American people the customs and laws in operation in other countries, so as to prepare the way for more enlightened plans for improving land and agricultural credit facilities in the United States."

It is the first attempt to place in orderly form the information which could formerly be obtained only by patient study of a great number of pamphlets, reports and disjointed treatises. Even a hasty perusal of the work will bring new understanding of the manner in which Europe has dealt with this problem and likewise give a hint that when the case has been ground in the political mill it is given labels and significances which are false and misleading.

Mr. Herrick's work is, therefore, to be taken as a primary exposition. Until the information it contains has been mastered there can be no authoritative utterance as to the domestic application of European systems. These systems were not brought into existence in perfection; they grew to meet conditions and were varied as occasion demanded. The German Landschafts served one class and one purpose, the Public Land-Credit Institutions served another class, with different requirements, while the Schulze-Delitzsch banks and the Raiffeisen system were instituted to meet other and different demands.

Mr. Herrick points out, however, that the best legislation does not comprise one law for credit societies and another for societies for other co-operative purposes, but consists of one omnibus act governing co-operative societies of all kinds.

No comment in the book is more pertinent than the following:

"A great deal of misinformation on European co-operation has crept into the United States. The societies, it has been asserted again and again, grant cheap and easy credit, at interest far below current rates, down to three and even two per cent, upon character alone. No statement could be farther from the truth. Only in Italy is character credit ever accorded, and there, too, only now and then by Luzzatti's urban banks in the form of 'honor loans' to indigent persons. * * * With this small exception there is no co-operative credit society in Europe which does not demand of borrowers as safe security as is exacted by an ordinary bank. Moreover, interest rates are never below those on sound and marketable securities except where the state has advanced public funds to be distributed in free or cheap loans."

REGISTRATION AT OFFICES.

THE following visitors registered at the Association offices during the month of November:

Bodde, John R., Assistant to President Peoples State Bank, Detroit, Mich.

Cobb, G., Gen. Agent C. M. & St. P. Ry., Chicago, Ill.

Cutler, Ralph W., President Hartford Trust Company, Hartford, Conn.

Curtis, Frederick H., Fed. Res. Agt. Federal Reserve Bank of Boston, Boston, Mass.

Fitzhugh, Arthur A. Jamaica L. I.

Grape, M. H., Vice-President Continental Trust Company, Baltimore, Md.

Hall, Joseph S., Indianapolis, Ind.

Hall, W. S., New York City.

Hiland, J. H., Vice-President C. M. & St. P. Ry., Chicago, Ill.

Hyde, N. M., Onondaga County Savings Bank, Syracuse, N. Y.

Jackson, A. A., Vice-President Girard Trust Company, Philadelphia, Pa.

McCarter, Uzal H., President Fidelity Trust Company, Newark, N. J.

McCune, Samuel L., Canton, Ohio.

Mason, J. H., Vice-President Commercial Trust Company, Philadelphia, Pa.

Petit, D. E., Treasurer Onondaga County Savings Bank, Syracuse, N. Y.

Platten, John W., President United States Mortgage and Trust Company, New York City.

Ransom, F. T., President Union Stock Yards National Bank, Wichita, Kans.

Rhoades, H. A., President Dorchester Trust Company, Boston, Mass.

Ruggles, Chas. A., Manager Boston Clearing House, Boston, Mass.

Singh, Suchet, Punjab, India.

Smith, R. L., Broadway Trust Company, New York City.

Treman, R. H., President Tompkins County National Bank, Ithaca, N. Y.

PROTECTING BLANK CHECKS.

ANKS should avoid the practice of placing blank checks on the desks in the lobby intended for the use of the public. By making checks on various banks so easy of access, banks involuntarily stimulate crime. Of course, the underlying thought that originated this practice was to render benefit to their customers, and it probably did serve a good purpose in this way, but many of the best banks consider it to-day a very poor practice and have done away with it entirely. In these banks blank checks can be obtained only by application to an officer of the bank or one of the tellers.

Forgeries are committed by two classes of people, professional criminals and persons who become criminals principally because of the opportunity for a criminal act thrusting itself upon them. Members of this latter class, in order to secure a check to use in an illegitimate way, would not go so far as to apply to an officer or a teller for a blank, but if they were conspicuously displayed where he could obtain one without calling attention of any one else to the fact that he had such a paper he is more apt to use it than otherwise.—Coast Banker.

A. B. A. MORTUARY RECORD REPORTED DURING NOVEMBER.

Armstrong, D. C.—President Albert Lea State Bank, Albert Lea, Minn.
 Bailey, Daniel H.—Director Middletown Savings Bank, Middletown, N. Y.
 Baughman, A. D.—President Eaton County Savings Bank, Charlotte, Mich.
 Dugdale, C. B.—Assistant Cashier Merchants National Bank, Omaha, Neb.
 Field, Asa W.—Cashier and Director Commercial National Bank, Saginaw, Mich.
 French, C. E.—Vice-President Orange County Savings & Trust Company, Santa Ana, Cal.
 Froemming, August—President and Director Bank of Algoma, Algoma, Wis.
 Gruver, R. J.—President Portland National Bank, Portland, Pa.
 Johnson, William D.—President and Director Greenville State Bank, Greenville, Mich.
 McLaughlin, William B.—Vice-President and Manager Houghton National Bank, Houghton, Mich.
 Mather, William—President Windsor Locks Trust & Safe Deposit Company, Windsor Locks, Conn.
 Mead, David R.—Vice-President Merchants National Bank, Glendive, Mont.
 Moody, L. W.—President Walworth County State Bank, Selby, S. D.
 Moore, George R.—President First National Bank, Jackson, Minn.
 Ritchie, S. T.—Cashier First National Bank, New London, Wis.
 Seldon, Joseph W.—General Manager First National Bank, Calumet, Mich., formerly National Bank Examiner.
 Snelling, W. E.—Vice-President Fidelity Savings Bank, Marshalltown, Iowa.
 Southard, Charles W.—Cashier Commercial Savings Bank, Marysville, Ohio.
 Stark, Washington—President Citizens Bank, Winsor, Mo.
 Tinker, Henry C.—Director Liberty National Bank, New York City.
 Weaver, Edgar—President Mankato State Bank, Mankato, Minn.
 Whitaker, P. M.—Vice-President First National Bank, Holland Patent, N. Y.
 Williams, John S.—Treasurer Salem Five Cents Savings Bank, and Director Merchants National Bank, Salem, Mass.

CIPHER CODE OF 1914.

THE attention of members is again called to the fact that the new Code became operative on May 15, 1914. Those who have not made a study of the Code and the information sent under separate cover, relating to the Key to the Test-Word in the Code, are respectfully urged to do so.

Under "NUMERALS OR DOLLARS" there are three columns of figures and only two columns of words. The paragraph in italics appearing on page viii of the Code shows clearly that each and every Code word has a number, and states the reason therefor. The center column of figures, however, which are in black-faced type, is to be used for numerals or dollars, as the case may be, and therefore the figures appearing directly to the left of each and every Code word CANNOT be used for the purpose of conveying figures representing numerals or dollars.

No confusion can possibly exist if the members use the Test-Word and do not translate it. (See phrase matter for Code Word No. 4012.)

If members desire additional copies of the Code for their own use, they may be secured at \$1 each.

If the special letter referring to the Code containing the Key to the Test-Word has not been received, the General Secretary should be notified. Before doing so, a careful investigation should be made, for this circular and key was forwarded to every member, the envelopes being addressed from the Addressograph.

A few of our members have not signed the card under the front cover of the Code acknowledging its receipt, and they are requested to do so and forward the same to the office of the Association. Those who have not returned the Cipher Code of 1908 (bound in blue cloth) should do so promptly. It is our wish to have these Codes returned for cancellation, and we respectfully ask that members comply with this request.

Members desiring to print on their letter-heads or other stationery, "A. B. A. Code Used" or "American Bankers Association Code Used," may do so, as per authority granted by the Executive Council meeting recently held at Hot Springs.



OFFICIAL NOTICE.

Statement of the ownership, management, etc., of the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, published monthly at New York, N. Y., required by the act of August 24, 1912.
 Editor, ARTHUR D. WELTON, 5 Nassau Street, New York, N. Y., Associate Editor, W. W. WAINE, 5 Nassau Street, New York, N. Y.
 Business Manager, W. W. WAINE, 5 Nassau Street, New York, N. Y., Publisher, FRED. E. FARNSWORTH, 5 Nassau Street, New York, N. Y.
 Owners, THE AMERICAN BANKERS ASSOCIATION, 5 Nassau Street, N. Y.
 (A voluntary, unincorporated association of 14,500 bankers; WM. A. LAW, First National Bank, Philadelphia, Pa., President, and FRED. E. FARNSWORTH, 5 Nassau Street, New York, General Secretary.)

Known bondholders, mortgagees, and other security holders, holding 1 per cent. or more of total bonds, mortgages, or other securities: (If there are none, so state.) NONE.

Sworn to and subscribed before me this 24th day of October, 1914.

(Signed) H. H. APPLEGATE, Notary Public, Kings County, New York.
 Certificate filed in New York County, New York. (My commission expires March 31, 1915.)

TRAVELERS' CHEQUES

Their Issue Authorized to Meet the Demand of Those Traveling On Business in Europe. Bankers Should Caution Travelers to Secure Passports

SHORTLY after the war, issuers of Travelers' Cheques, recognizing the serious situation that existed in Europe, agreed together not to sell such cheques for use outside of the United States. On Monday, November 16th, at a meeting held in New York it was determined to again allow the sale of Travelers' Cheques for use throughout the world, as certain conditions had changed sufficiently to warrant such action. Under the arrangement all notices were to be mailed after twelve o'clock on November 17th. While it is not expected that there will be any demand from the ordinary tourist for cheques for use in Europe, yet a large number of individuals are going abroad at present on business, and it was more particularly to enable banks to be in position to furnish such parties with proper funds for traveling that the limitation of the use of cheques was removed. There is also a probability that many Americans may take this opportunity to travel in South America and the Far East.

It seems that the agents of all the steamship companies are not thoroughly informed as to passport requirements, and tickets have been sold in some cases for passage to Europe, and nothing has been said about passports. In order to save trouble to their customers, bankers selling American Bankers Association Travelers' Cheques for use in Europe should call the attention of the purchasers to the fact that they should carry passports. Under the new regula-

tions it is necessary that a photograph be attached to passports, and also that parties satisfy the government as to their citizenship. The matter should, therefore, be taken up with the State Department in Washington ten days or more before the passport is needed. Tourists going to England do not need to have their passports vised by a British consul, but those intending to travel in continental countries should have the respective consuls of the countries they expect to visit vise their passports; otherwise entry into such countries will be denied.

Should bankers desire special information concerning any of the existing regulations or conditions in Europe, the Bankers Trust Company will be pleased to supply it upon application.

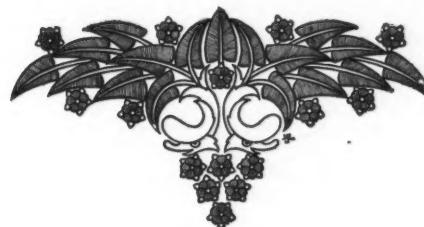
LARGER GENERAL OFFICES FOR A. B. A.

WITH the increased activities of the American Bankers Association and the creation of a new department it was found necessary to enlarge the office space in the Hanover Bank Building. Two additional rooms have been engaged adjoining the present suite.

One of the rooms will be used as an addition to the library, which has grown rapidly and has become crowded; the other will accommodate the increased force necessary to handle the work of the General Counsel and provide more space for the law library.

When the alterations are completed the attractiveness of the offices will be greatly enhanced and the transactions of the Association's business will be facilitated.

The Association now occupies nineteen rooms and three corridors and has a working force of thirty-two. Seven years ago the offices consisted of four rooms and the working force of eight persons.



TRUST COMPANY SECTION



OFFICERS, 1914-1915.

PRESIDENT:

RALPH W. CUTLER, President Hartford Trust Co.,
Hartford, Conn.

FIRST VICE-PRESIDENT:

JOHN H. MASON, Vice-Pres. Commercial Trust Co., Philadelphia, Pa.

CHAIRMAN EXECUTIVE COMMITTEE:

UZAL H. McCARTER, President, Fidelity Trust Company,
Newark, N. J.

SECRETARY:

PHILIP S. BABCOCK, 5 Nassau Street, New York City.

"MODEL TRUST COMPANY LAW" IMPRACTICABLE, STANDARD PROVISIONS ARE SUGGESTED

At the Richmond Convention of the Section there was submitted the report of a special committee charged with the preparation of what has been sometimes referred to as a "model trust company law." After most careful and thorough consideration by the Executive Committee and sub-committees of the Section for the past two years it seemed to be impracticable and beyond the province of the Section to draft any general trust company law. It was decided, however, that the Section should be in a position to say to its members in any State, where there was necessity of amending present laws governing trust companies or adopting new ones, that the Section was prepared to present a reasonable and proper bill covering the purely trust company features and investments of trust funds by trust companies. Such a bill could be amended to meet the particular necessities of each State and should set forth such fundamental features as would meet with universal approval.

With this understanding the draft as submitted at the Richmond Convention was unanimously approved and was referred back to the committee for the purpose of perfecting or completing it by such changes in its phraseology as might seem necessary. This has been done and the draft is herewith submitted as agreed upon by the special committee, namely:

F. H. Goff, President Cleveland Trust Company,
Cleveland, Ohio.

Ralph W. Cutler, President Hartford Trust Company,
Hartford, Conn.

Oliver C. Fuller, President Wisconsin Trust Company,
Milwaukee, Wis.

John W. Platten, President United States Mortgage
and Trust Company, New York.

Uzal H. McCarter, President Fidelity Trust Company,
Newark, N. J.

Suggestion for Uniformity.

1. **CAPITAL.** The capital stock of a trust company organized under the laws of this State in a place having a population of six thousand, according to the last census, or under, shall not be less than fifty thousand dollars; in a place of more than six thousand and not more than fifty thousand, shall not be less than one hundred thousand dollars; in a city of more than fifty thousand and not more than two

hundred thousand, shall not be less than two hundred thousand dollars; in a city of more than two hundred thousand and not more than three hundred thousand, shall not be less than three hundred thousand dollars; in a city of more than three hundred thousand and not more than four hundred thousand, shall not be less than four hundred thousand dollars; and in a city of more than four hundred thousand, shall not be less than five hundred thousand dollars. No trust company shall create more than one class of stock, and its entire capital shall be paid in cash before it shall be authorized to transact any business other than such as relates to its formation and organization, and such payment shall be certified to the Bank Commissioner under oath by the president and the treasurer or secretary of the trust company.

2. **SUPERVISION.** Every trust company doing business in this State shall make to the Bank Commissioner not less than five reports each year, verified by the oath of an officer, which shall exhibit under appropriate heads, according to form which may be prescribed by the Commissioner, the resources and liabilities of the trust company at the close of business on any past day specified by the Commissioner. Such report shall be transmitted to the Commissioner within the time fixed by him and shall be published in such form as he may prescribe in a newspaper published in the city where the trust company is located. Every trust company which fails to make, transmit or publish any such report when requested by the Commissioner shall be liable to a penalty of ten dollars for each day's delay. The Bank Commissioner or his representatives shall examine every trust company annually or oftener in the discretion of such Commissioner, and for such purpose shall have authority to examine all its books, records and papers, and to require during such examinations, if desired, the presence of one or more of its officers. They shall further have authority in making such examinations to examine officers or employees under oath, to be administered by them as to all matters pertaining to the conduct of the company's business.

3. **QUALIFICATION OF DIRECTORS.** Every director during his whole term of office must be a citizen of the United States and must own in his own right, unpledged, at least ten shares of stock. The place of any director who ceases to be the owner of

the required number of unpledged shares, or who, by ceasing to be a resident of the United States, becomes disqualified, shall ipso facto, become vacant.

4. EXAMINATION BY DIRECTORS. The Board of Directors or a committee to be specially appointed for the purpose, to consist of not less than two of its members who have not served the company in an official capacity during the preceding year shall examine at least once each year the affairs and business of the said company and make a report in writing within ten days after the completion of such examination in such form as may be prescribed by the Board of Directors or by the Bank Commissioner, and within the said period shall file a copy of such report with the Bank Commissioner. In such examination the said Board of Directors or the said committee shall have power to employ expert accountants and such other assistants as may be deemed necessary.

5. DEPOSITS. Every trust company may receive deposits to be repaid in such manner, on such terms and with or without interest as may be agreed upon with the depositor, provided that no trust company shall incur a total average deposit liability during any one year in excess of ten times its capital, surplus and undivided profits.

6. RESTRICTIONS ON LOANS. a. The total liabilities to any trust company of any person, corporation or firm, for money borrowed, including in the liabilities of a firm the liabilities of the several members thereof, shall at no time exceed ten per cent. of its capital, surplus and undivided profits. The provisions of this section shall not apply to loans secured by real estate, or by collateral, so long as the value of such collateral exceeds by twenty per cent. the liabilities so secured, but no loan on collateral shall at any time exceed twenty per cent. of the capital, surplus and undivided profits, and the total loans to any one person, corporation or firm, including in the liabilities of the firm the liabilities of the several members thereof, shall at no time exceed twenty per cent. of the capital, surplus and undivided profits.

b. No trust company shall make any loan or discount upon the pledge of its own stock.

c. No trust company shall make any loan upon or discount any paper made, accepted, endorsed or guaranteed by any of its executive officers, or employees or by any partnership of which any such officer or employee is a member.

d. No trust company shall permit any single director to become obligated to it to an amount exceeding ten per cent. of its combined capital, surplus and undivided profits, unless secured by satisfactory collateral and approved in advance by not less than two-thirds of the entire Board of Directors, nor permit the combined obligations to it of all its directors at any one time to exceed twenty-five per cent. of such capital, surplus and undivided profits.

7. UNLAWFUL USE OF WORDS "TRUST" OR "TRUST COMPANY." No person, association, firm or corporation, other than a corporation authorized by the laws of this State to do the business of a trust company and subject to the supervision of the Bank Commissioner as provided by such laws, shall make use of the word or words "Trust" or "Trust Company" as part of any artificial or corporate name or title, nor make use of any sign at the place where his or its business is transacted, having thereon such words or any other word or words indicating that such place or office is the place or office of a trust company, nor make use of or circulate any written or printed, or partly written or partly printed matter whatever having thereon any such words or any other word or words indicating that the business

conducted is that of a trust company, nor transact business in the way or manner of a trust company or in such way or manner as to lead the public to believe, or as in the opinion of the Bank Commissioner might lead the public to believe, that his or its business is that of a trust company. Every person violating the provisions of this section, either as an individual or an interested party in any association, firm or corporation, shall be punished by fine of not less than one hundred dollars nor more than one thousand dollars, and a further fine of fifty dollars per day for each day after written notice of such violation. The Bank Commissioner shall have authority to examine the accounts, books and papers of any person, association, firm or corporation whom he has reason to suspect is violating the provisions of this section and to summon and examine under oath, which he is empowered to administer, any person whom he may have reason to believe has violated or is a participant in any violation of the provisions of this section.

8. TRUST FUNDS NOT TO BE MINGLED. Trust companies shall keep separate books for trust accounts and all funds and property held in a trust capacity shall be kept separate from the funds and property of the corporation. All investments and securities in which trust funds are invested shall be entered in proper books of account, so as to clearly indicate the particular trust to which they belong, to the end that all trust funds and property at all times may be readily identified. No investment or loan of trust funds shall be made without being authorized by the Board of Directors or by a committee of the Board specifically appointed for that purpose; all loans and investments made in the interim of Board meetings shall be reported in detail to the Board at its next meeting.

9. ANNUAL STATEMENTS TO BENEFICIARIES. It shall be the duty of every trust company beginning at a period of twelve months from the creation of each trust to make to the cestui que trust or beneficiary, if not under legal disability, an annual statement in writing showing in detail the receipts and disbursements and the general condition of such trust. Except as to minors and persons under disability, the failure by any cestui que trust or beneficiary to disapprove or object to such written statement, or any part thereof, within sixty days after receipt of the same shall be deemed and taken as an agreement to the correctness of the account rendered.

10. UNLAWFUL SALES BY TRUST COMPANY. Except in case of loans secured by mortgage of real estate it shall be unlawful for any trust company acting in behalf of any cestui que trust or beneficiary or in behalf of any estate which it holds as trustee or in any other fiduciary capacity, to purchase any securities or assets owned by such trust company in its own rights.

11. INVESTMENT OF TRUST FUNDS. Trust funds, unless it is otherwise provided in the instrument creating the trust, may be loaned on mortgages on unincumbered real estate located in this State, double in value the amount loaned, or invested in bonds or loans of the United States or of this State or of any town, city, village, school district or other political sub-division thereof, or in any bonds, stocks or other securities which mutual savings banks under the laws of the States of Massachusetts, New York or Connecticut are, or may be, authorized by law to invest in, or may be deposited in such banks or trust companies as may be approved by the Board of Directors. In the making of loans and investments trust companies shall only be liable to the cestui que trust or beneficiary for the exercise of reasonable care and diligence.

12. CONFIDENTIAL INFORMATION. It shall be the duty of every trust company and of every director, officer and agent thereof, to keep secret, confidential and inviolate the affairs of all persons whose business is entrusted to it, either in a banking or trust capacity, and to make no disclosure thereof, save only such as may be compelled by law.

SAVINGS BANK SECTION



OFFICERS, 1914-1915.

PRESIDENT:

W. E. KNOX, Comptroller Bowery Savings Bank, New York City.

FIRST VICE-PRESIDENT:

N. F. HAWLEY, Treasurer Farmers & Mechanics Savings Bank, Minneapolis, Minn.

SECRETARY:

E. G. McWILLIAM, 5 Nassau Street, New York City.

SAVINGS BANKS AND THE FEDERAL RESERVE ACT

At Richmond the following resolution was presented to the convention by the Savings Bank and Trust Company Sections, through the General Secretary, and unanimously adopted:

Whereas, we all appreciate the desirability of having the State financial institutions join the Federal Reserve System, but recognizing before doing so amendments to the Federal Reserve Act will be necessary; now, therefore, be it

Resolved, That we recommend to the General Association that a committee of twelve be appointed by the President of the American Bankers' Association; three thereof to be nominated by the Trust Company Section; three thereof by the Savings Bank Section; three thereof representing the commercial State banks, and three thereof representing the national banks, whose duties shall be to confer with the authorities at Washington in order to secure the adoption of such amendments to the Federal Reserve Act as shall make it more desirable for the State banking institutions to join the Federal Reserve System.

Pursuant to this resolution Mr. Law appointed such a committee and Wm. E. Knox, R. C. Stephenson and B. F. Saul were appointed as representatives of the Savings Bank Section.

Mr. Law has expressed the belief that next to the Currency Commission this is the most important committee ever appointed in the American Bankers' Association, and that its recommendations should only be made after careful study and mature deliberation. Undoubtedly all will agree with him. Representatives of the Savings Bank Section desiring that all members of that Section should have an opportunity of expressing themselves upon the subject have addressed the following letter to each:

November 25th, 1914.

Gentlemen:

At the recent convention of the American Bankers' Association a committee representing all classes of financial institutions was appointed to confer with the authorities at Washington in reference to making the Federal Reserve System more attractive to State institutions.

The undersigned were appointed to represent the Savings Bank Section upon said committee, and in order to accurately reflect the sentiment of all members of the Savings Bank Section desire to receive an expression of opinion from each member.

Will you therefore, after careful perusal of the act, write the Secretary of the Savings Bank Section, stating what amendments, in your opinion, are necessary to accomplish the above result.

Appreciating your early attention we are

Very respectfully,

W. E. Knox, Comptroller,

Bowery Savings Bank, New York.

B. F. Saul, President,

Home Savings Bank,

Washington, D. C.

R. C. Stephenson, Vice-President,

St. Joseph County Savings Bank,

South Bend, Ind.

Committee.

E. G. McWilliam, Secretary.

It is to be hoped that some officer in every bank which receives this circular will take the matter under serious consideration, study the act carefully and submit his suggestions for amendments at the earliest possible moment. Even though unable to suggest amendments after studying the act, we will all be able to administer our banks more intelligently under it and in our relations with member banks because of such study.

Every patriotic banker wants our new banking system to be the best in the world. At the same time every banker realizes that it will fall short of that ideal so long as there are classes of commercial banks which are not even subject to the supervision of the Federal Reserve Board.

How all of these banks are to be brought into the system is a problem, the solution of which seems well nigh impossible at the present moment; but with the authorities at Washington eager for its accomplishment equitably, and the state institutions evidencing a similar attitude, a solution is possible.

OF ESPECIAL INTEREST TO ALL SAVINGS BANKERS

See Mr. Paton's Opinion Relative to War Tax on Mortgage Notes
Under Legal Department in this Issue

The day of harsh, non-constructive criticism is past and the day of intelligent constructive effort is at hand. May every member of the Savings Bank Section take the opportunity, which is offered by our representatives upon the important committee mentioned above, to contribute something constructive, which will be of real value in shaping this legislation.

Please do this at your earliest convenience.

**FORMS FOR SAVINGS BANKS AND SAVINGS
DEPARTMENTS IN COMMERCIAL BANKS
AND TRUST COMPANIES.**

SIX hundred and eighty-four copies sold and orders still coming in speaks well for the above book, and is especially gratifying to the committee in charge of its publication.

This committee proceeded upon the theory that such a book to be of practical value must not necessarily contain an exhibition of forms, but rather forms typical of those necessary in the operation of each department of savings banking, which forms would contain essential features from which bankers might readily compose other forms to suit the especial local and legal conditions under which they operate.

That the committee's judgment has been sustained is evidenced not merely by the large number of orders, but also by numerous letters accompanying remittances from various sections of the country and speaking in highest terms of approval of this book. Some have been good enough to say that it is worth many times its price to members, which is but four dollars (\$4.00). This price was made possible only through the large number of advance orders, which were contracts to purchase at a figure not to exceed a certain sum.

This publication was financed entirely outside of our annual appropriation and our members have heartily co-operated by remitting promptly. However, there are a very few yet to be heard from and they will confer a favor by remitting immediately. It may be that some books have not been delivered, but all were shipped by October 20th and should have reached their destination long ere this.

We printed and bound a couple of hundred additional copies of this book, which we shall be pleased to furnish members of the American Bankers' Association at the above price, practically cost, and which may be regarded as an added perquisite of membership in this association.

HOW "THE REWARD OF THRIFT" TRAVELS.

If "The Reward of Thrift" has not arrived in your town as yet or is not booked for the near future, the only possible deduction is that the bankers who conduct savings banks or departments in that town have let something "get by"; and this is even more true of the bankers in towns where "The Reward of Thrift" has been exhibited, and they have not made practical use of it. Strange as it may seem, this has actually occurred in one or two instances, for "The Reward of Thrift" travels and visits many towns even though uninvited by bankers.

"The Reward of Thrift," it will be remembered, was released through the General Film Company's

forty-eight branches September 19th, and early in October with the approval of the General Manager of that Company an inquiry was addressed to each branch manager, asking what bookings had been made of this feature. Replies were received from but thirty branches, some of which had not as yet received a copy of the film and all replies were dated in October; but from even that meagre data it was shown that "The Reward of Thrift" had been shown in forty-one (41) states and Canada, and that it had visited four hundred and ninety-one (491) cities or towns, and had been shown in seven hundred and four (704) theatres. Were it possible to get accurate information at the moment, undoubtedly these figures would be at least doubled, perhaps larger.

In order that those who have doubted the efficacy of this effort as a means of reaching the public, may receive a comprehensive idea of the wide distribution this film received in a little over a month, the following table is presented:

PARTIAL DISTRIBUTION OF "THE REWARD OF THRIFT."

From September 19th to November 1st.

States	Cities or Towns	Theatres
Alabama	7	7
Arkansas	21	21
California	9	16
Colorado	10	12
Connecticut	5	5
Florida	9	9
Georgia	3	3
Idaho	14	15
Illinois	33	35
Indiana	19	26
Iowa	18	19
Kansas	5	5
Kentucky	7	10
Louisiana	5	13
Maine	1	1
Maryland	4	4
Massachusetts	6	6
Michigan	9	21
Minnesota	1	1
Mississippi	16	16
Missouri	6	34
Montana	25	25
Nebraska	6	11
Nevada	6	6
New Jersey	15	22
New Mexico	6	6
New York	23	124
North Carolina	9	9
North Dakota	2	2
Ohio	1	4
Oklahoma	29	30
Pennsylvania	26	30
South Carolina	7	7
South Dakota	1	1
Tennessee	11	15
Texas	68	72
Utah	19	21
Vermont	1	1
Washington	8	10
Wisconsin	14	23
Wyoming	4	4
Canada	2	2
	491	704

Your local exhibitor will be glad to secure a booking of this film, or a rebooking of it in case he has already shown it. He will also undoubtedly be glad to show a slide or two advertising your bank in consideration of your giving some publicity to his theatre while "The Reward of Thrift" is there. In this way your bank will secure a unique bit of publicity and at the same time perform a distinct service to the community by aiding in the direction of thought toward thrift.

CLEARING HOUSE SECTION

OFFICERS, 1914-1915.

PRESIDENT:

A. O. WILSON, Vice-President State National Bank, St. Louis, Mo.

VICE-PRESIDENT:

J. D. AYRES, Vice-President The Bank of Pittsburgh, N. A.,
Pittsburgh, Pa.

CHAIRMAN EXECUTIVE COMMITTEE:

W. D. VINCENT, Vice-President Old National Bank,
Spokane, Wash.

SECRETARY:

O. HOWARD WOLFE, 5 Nassau Street, New York City.

STATE CLEARING HOUSE

TRANSIT check history has been very swift in the making during the past fifteen years. Such reforms as the country clearing house, the Universal Numerical System, the transit adding machine and finally the check collection provisions of the Federal Reserve Act are all developments of the most recent nature. While it is true that many of our modern check collection methods and systems have been in use either abroad or in isolated districts in our own country since a longer period of time, reforms have developed very rapidly of recent years.

The probabilities presented by the Reserve Act have revived interest in the old question of State Clearing Houses. It has been only eight years since J. P. Owens, of Weatherford, Texas, in speaking before the Texas Bankers' Association on the subject said: "I wish to suggest what I believe to be a new plan for handling this part of our business. Suppose we organize a State Clearing House and give each bank a number . . . stamping the . . . numbers on the face of the check." The proposition to give each bank a number to be printed on the face of checks has come to a realization. The State Clearing House will also soon be an accomplished fact.

On November 10, 1914, the Georgia State Clearing House was tentatively organized with the provision that "the organization of the Clearing House is to become operative immediately when a sufficient number of all banks or banking institutions have subscribed to membership to insure its success." The main object of the Clearing House is obviously to put the collection of all country checks upon the same basis so as to avoid the otherwise inevitable discrimination against the check drawn upon the non-member of the Federal Reserve System. Or to quote the language of the conference of Georgia bankers, the intent is: "To expedite the clearing of checks deposited in Georgia banks at the lowest possible cost to all concerned; and that checks on all banks may be accepted by the Clearing House and credited to the member bank at par, thereby avoiding any discrimination in favor of any checks, whether drawn on state, national or private banks, it is deemed advisable to change the present method of handling out-of-town checks by clearing them all through one central point in Georgia."

The tentative rules proposed provide for an actual clearing, the members receiving credit for items sent to the Clearing House and being debited

with the amount of checks drawn upon them. Provision is also made for the settlement of balances.

Here is a long step forward that we expect to see followed in many other states. Georgia is to be congratulated once more for her readiness to create and adopt progressive ideas.

TRANSIT NUMBER STATISTICS.

A Correction.

WE print herewith a letter received from a member bank in San Antonio, Texas, which is self-explanatory. Our correspondent has, however, misconstrued the table of percentages, shown in the November issue. These figures represented the results shown by a count in a single, large Chicago bank as compared with a similar count in the same institution two years previous. The letter follows:

"I am taking the liberty of addressing you with reference to an article in the current number of the JOURNAL-BULLETIN. In the Clearing House Section a table is given showing San Antonio as the lowest city, in comparison of banks in reserve cities, using transit numbers; our percentage being given at 20 per cent. I immediately felt that this must be wrong. In taking the checks ready for the Clearing House to-day, I ran through the items of the various banks, and out of thirteen banks clearing here, all but two have transit numbers printed on their checks, giving us a percentage of 83 per cent.

"A few checks on some of the banks, which forms we recognize as not of recent date, do not bear the numbers, but eleven banks here out of thirteen are using the numbers on their checks of recent issue.

"San Antonio does not relish such undesirable publicity as is indicated by our failing to recognize the merit of the transit system, and I hope that you will see that this communication is given the same publicity as the incorrect table was given."

PAYMENT OF CLEARING HOUSE BALANCES.

THE report of the Committee of Federal Reserve Bank Directors on Clearings rendered at the recent conference in Washington, states: "It is presumed that each clearing house in a city where a Federal reserve bank is located will undoubtedly make arrangements to use the facilities of the Federal reserve banks in the settlement of balances to the extent that they see fit."

In line with this suggestion and in keeping with its past record of modern and efficient methods, Boston Clearing House has at once taken advantage of

the new facilities offered by the Federal Reserve Bank of Boston. Under date of November 17, 1914, Manager C. A. Ruggles, former President of this Section, issued the following memorandum:

"Beginning on Wednesday morning, November 18, 1914, the Federal Reserve Bank of Boston will come into the Boston Clearing House in accordance with the vote of the Boston Clearing House Association passed Friday, November 13th; and checks may be charged against it as No. 1 in the settlement. Debit balances must be paid in checks drawn by the debtor banks on the Federal Reserve Bank to the order of the Clearing House manager; and credit balances will be paid to the creditor banks by checks drawn by the manager on the Federal Reserve Bank to the order of the respective creditor banks. Orders may be drawn in Clearing House transactions between members as in the past."

FEDERAL RESERVE BANK DRAFTS.

ACK of space prevents us from printing in this issue the official form of draft to be used in drawing upon Reserve Bank balances. We may describe it by the statement that the essential features of the new draft conform to the standards that have been established by bankers and lithographers and this Association. The name of the drawing member bank appears across the top of the draft followed by the transit number (Universal Numerical System) of the member bank. The date and the amount in dollars are on the right hand side.

The name of the Federal Reserve Bank drawn upon is in the lower left hand corner as in ordinary bank drafts. It is not necessary to show the official symbol of the Reserve Bank. This consists of the number and letter of the district and is not used for transit purposes. The transit number of the Reserve

Bank is placed in the usual position. The dimensions of the draft are $3\frac{1}{4}$ to $3\frac{1}{2}$ x $8\frac{1}{2}$ inches. Owing to a misunderstanding some of the official forms sent out were 9 inches long.

At the time of going to press the transit numbers of the Reserve banks have not all been assigned. This is due to the delay in some districts of assigning clearing house numbers to the banks. The Reserve banks numbered thus far are as follows: Boston, 5-1; New York, 1-120; Chicago, 2-30; Minneapolis, 17-8; Kansas City, 18-4; San Francisco, 11-37; Atlanta, 64-14; Cleveland, 6-1.

NEW MEMBER.

Dallas, Texas, Clearing House Association is now a member of the Clearing House Section, making a total membership of 147, all of which are regularly organized associations.

FEDERAL RESERVE ADVISORY COUNCIL.

The Federal Reserve Board has announced the following as members of the Advisory Council authorized by the Federal Reserve Act: Daniel G. Wing, Boston; J. P. Morgan, New York; Levi P. Rue, Philadelphia; W. S. Rowe, Cleveland; George W. Seay, Richmond; Charles A. Lyerly, Atlanta; J. B. Forgan, Chicago; C. T. Joffrey, Minneapolis; E. T. Swinney, Kansas City; J. Howard Audrey, Dallas.

SEATTLE HOTEL COMMITTEE.

The Seattle bankers have appointed the following hotel committee, which will have charge of the hotel arrangements for the convention of the American Bankers Association in that city next fall: J. T. McVay, chairman; Rollin Sanford and Ralph M. MacMichael.



STATE SECRETARIES SECTION



OFFICERS, 1914-1915.

PRESIDENT:

W. W. BOWMAN, Secretary Kansas Bankers' Association, Topeka.

FIRST VICE-PRESIDENT:

HAYNES McFADDEN, Secretary Georgia Bankers' Association, Atlanta.

SECOND VICE-PRESIDENT:

GEORGE D. BARTLETT, Secretary Wisconsin Bankers' Association, Milwaukee.

SECRETARY-TREASURER:

GEORGE H. RICHARDS, Secretary Minnesota Bankers' Association, Minneapolis.

CONVENTIONS TO BE HELD IN 1915.

May	3-5.	Ex. Council A. B. A., Old Point Comfort, Va.
"	10-12.	Alabama .....Birmingham
"	13, 14.	Oklahoma.....Place not decided
"	18-20.	Texas Waco
"	25, 26.	Missouri.....Place not decided
Aug.	18-20.	Amer. Inst. of Banking, San Francisco, Cal.
—	—	Amer. Bankers Assn....Seattle, Wash.
Oct.	—	New Mexico.....Roswell

CONVENTIONS HELD IN NOVEMBER.

ARIZONA.

THE eleventh annual convention of the Arizona Bankers' Association was held at Castle Hot Springs, November 6th and 7th. President Albert Steinfeld, of the Consolidated National Bank, Tucson, called the first session to order in the parlor of the hotel on Friday noon. An invocation was delivered by the Right Reverend Julius W. Atwood, D.D., Bishop of Arizona, and F. M. Murphy, Director of the Prescott National Bank, made the address of welcome, to which J. G. Spangler, Cashier of the Mesa City Bank, responded.

Secretary Morris Goldwater, President of the Commercial Trust and Savings Bank, Prescott, made his annual report, which showed the association to be in excellent condition. Treasurer Lloyd B. Christy, of Phoenix, reported on the finances of the association.

There were three sessions held on the first day, and at the evening session a very interesting paper by James K. Lynch, Vice-President of the First National Bank, San Francisco, and Vice-President of the American Bankers Association, was read by George A. Kennedy, Assistant Cashier of the First National Bank. Mr. Lynch was unavoidably absent. During the convention other addresses were made as follows: "Bank Supervision," by James J. Gillen, State Bank Examiner; "The Bank as a Booster," by Tenny Williams, Assistant Cashier of the Consolidated National Bank, Tucson. Addresses were also made by George E. Allen, Educational Director of the American Institute of Banking, New York City, who gave an outline of the work being done by the institute, and J. M. Elliott, President of the First National Bank, Los Angeles. Several brief talks were made by visitors and members, also short reports on

current conditions were made by representatives of different counties.

While the number in attendance was not larger than usual, this eleventh annual convention was one of the most enjoyable, interesting and profitable ever held by the Arizona Bankers' Association. In choosing Castle Hot Springs as a meeting place, the association demonstrated much wisdom. It is a magnificent spot and some day will be a widely known resort, being located, as it is, in the picturesque foothills of the Bradshaw Mountains of Central Arizona. With this charming environment, the many entertainment features provided by the committee in charge were thoroughly enjoyed by the delegates and visitors in attendance.

At the close of the last session the following officers were elected: President, W. C. Foster; Secretary and Treasurer, Phoenix Savings Bank and Trust Company, Phoenix; Vice-President, M. B. Hazeltine, Vice-President Bank of Arizona, Prescott; Secretary, Morris Goldwater, President Commercial Trust and Savings Bank, Prescott (re-elected); Treasurer, Lloyd B. Christy, Phoenix, (re-elected).

NEW MEXICO.

THE annual convention of the New Mexico Bankers' Association was held at Albuquerque, November 9th and 10th.

President D. T. Hoskins, Cashier San Miguel National Bank, East Las Vegas, called the convention to order and an address of welcome was delivered by O. N. Marron, State Treasurer, to which Roy Ammerman, Cashier First State Bank and Trust Company, Roswell, responded.

President Hoskins made his annual address, which covered banking conditions in the state and the work of the association during the year.

The report of Secretary J. C. Christensen of Raton, showed that the association had passed through a very successful year; the membership now comprises 59 banks out of 86 in the state. Reports were also made by the delegates to the annual convention of the American Bankers Association at Richmond.

Interesting addresses were delivered as follows: "How Can We Best Work Out the Present Financial Situation?" by James T. Bradley, Cashier Southwest National Bank of Commerce, Kansas City, Mo.; "Constructive State Building," by George T. Wells, Denver National Bank, Denver, Col.

On the evening of the first day of the convention a most enjoyable banquet was held at the Alvarado Hotel.

The officers elected for the ensuing year are as follows: President, J. B. Herndon, President State National Bank, Albuquerque; Vice-President, John Corbett, President Bank of Deming, Deming; Secretary, J. C. Christensen, Raton (re-elected); Treasurer, Jackson Agee, Cashier American National Bank, Silver City.

D. T. Hoskins, Cashier San Miguel National Bank, East Las Vegas, was elected State Vice-President of the American Bankers Association for New Mexico, and also a member of the Executive Council for Group 3, to take effect after the 1915 convention of the A. B. A. H. J. Hammond, President First National Bank, Clayton, was elected a member of the Nominating Committee of the American Bankers Association, with H. B. Jones, President First National Bank, Tucumcari, as alternate.

CANADIAN BANKERS' ASSOCIATION.

AT the annual meeting of the Canadian Bankers' Association held in Toronto during the second week of November, George W. Morley was appointed permanent secretary to fill the office made vacant by the death of J. P. Knight. Mr. Morley has been vested with wider powers than has been exercised by any previous secretary.

PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.

Georgia Bankers' Association.

Atlanta, Ga., November 4, 1914.

WARNING No. 45.

The Winder Banking Company, Winder, Ga., Lee S. Radford, cashier, reports passing of worthless check by one B. S. Meyers, representing himself as a traveling salesman for the Louisiana Wholesale Provision Company, of Knoxville, Tenn. The City National Bank of Knoxville reports no such account, but have had to turn down other checks of similar nature.

Meyers is apparently about 25 years old, florid complexion, clean shaved, sandy or light brown hair and dark eyes, very nice appearance and weighs about 165 pounds, about 5½ feet tall. Meyers is said to have visited Winder previously in the capacity of a traveling salesman, but so far as known this is his first attempt to defraud at Winder.

It is desired that anyone locating this party arrest him and wire the Winder Banking Company, Winder, Ga.

Mississippi Bankers' Association.

Vicksburg, November 12, 1914.

WARNING.

Referring to bulletin of October 31st, regarding forgery at Tupelo.

A number of forms of bank exchanges have been stolen from a printing house in Oklahoma City and

are being circulated. Here is a list of the stolen forms, most of which have some correspondent's name thereon:

First State Bank, Bokchito, Okla.; Greenfield State Bank, Greenfield, Okla.; Citizens' State Bank, Canute, Okla.; Citizens' State Bank, Calvin, Okla.; Bank of Foss, Foss, Okla.; Bank of Haileyville, Haileyville, Okla.; Home State Bank, Hobart, Okla.; Western National Bank, Oklahoma City; Sulzberger & Sons Company, Oklahoma City, on Stockyards National Bank, Oklahoma City.

A notorious crook named Diggs Nolan has recently cashed three of these bogus bank drafts in Mississippi, using names G. P. Berkley, T. P. Blake and T. W. Faxon. He narrowly escaped arrest at Vicksburg.

Nolan is apparently about 30 years old, height about 5 feet 11 inches, medium build, dark hair and eyes, right side of upper lip slightly thickened, clean shaven, right upper front tooth crown with porcelain, unusually neat, well educated and plausible, wore gray suit and black derby when seen at Vicksburg.

These stolen drafts are thought to be held by several crooks, who are using them chiefly among merchants. Please warn your customers.

Montana Bankers' Association,

November 7, 1914.

BULLETIN No. 182.

To Members:

Mr. P. C. Aller, cashier of the Drummond State Bank, Drummond, Montana, reports to this office concerning one C. F. Carrere, who has recently been operating in his vicinity. This man claimed to represent the Farmers and Drovers Loan Company, of Salt Lake City. He was accompanied by another, name not reported, supposedly representing an eastern loan company.

Carrere sold stock in the Salt Lake Company, issuing certificates therefor. The privilege to stockholders of obtaining money on ranch land security at a 5½ per cent. rate was held out as an inducement for the purchase of stock. A partial cash payment was taken and notes accepted for the balance. Quite an amount of cash was collected in this way from the vicinity of Drummond. The two then departed for Butte and have not been heard of since.

In response to inquiries letters were received from the Salt Lake City Company, stating that Carrere had no authority to represent them or to sell stock in the company and receive payment for it. They stated that at one time he was in their employ, but that there had been no connection for some time. They are trying to locate him.

Should this party appear in your community please telegraph this office.

The description is as follows: Age about 28 years, height medium, weight about 160 pounds, good looking, manner and general appearance prepossessing.



GROUP ORGANIZATION

MORE than a year before the introduction of the Federal Reserve Act, W. D. Vincent, Vice-President of the Old National Bank of Spokane, made an address on "Group Organization" in which occurred this interesting prediction:

"We all know there is to be some kind of a change in our banking system. I believe that the legislation that will be enacted will be along the line of legalized group organization action and will in all probability result in a regional reserve institution with a group as the basic unit. It is quite possible that there will be eight or ten regional reserve centers in the United States. Bankers must investigate new conditions as they are arising, and there is no better place to discuss the banking system as it affects individuals, state or nation, than at group meetings."

With the country now divided into twelve regional reserve districts the question arises—what change will this new alignment of banking interests make in existing group divisions of state associations, and will the basis of future group organization be the county or the reserve district?

Advertising.
Agricultural credit.
Bank examination.
Check collection.
Commercial paper.
Cost accounting.
Credit information.
Discount and rediscount.

The Library's index to financial papers shows that in the March, 1914, number of the "Ohio Banker" T. J. Davis pointed out the possibilities of a new kind of bankers' association composed of banks located in the same Federal Reserve district. Since that time no printed references to the subject are to be found, and the librarian will welcome information as to where and when it may have been discussed at bankers' meetings.

It is evident that "group organization" will come up for more frequent discussion in the near future, and Association members who wish to prime themselves on the pros and cons of the subject can borrow from the Library a collection of articles and addresses which have appeared in print from time to time.

These articles do not cover the new question of reserve district organization, so members should send to the librarian any suggestions to which they may want to give publicity through the Library's loan files.

Additional interest can be given to bank topics often discussed at group meetings by borrowing from the Library the opinion of other bankers on such subjects as

Exchange charges.
Efficiency methods.
Interest rates.
Overdrafts.
Real estate loans.
Taxation.
Thrift plans.



ARE YOU SAVING TIME?

DID a question come up in your bank recently which took your time or that of some employee to look up?

Could that time have been put to more constructive use in your bank?

If it was a question which you might have referred to the Library and Reference Department you spent money that might have been saved by having that Department secure the information for you.

If there is anything in print on a banking or currency problem, the Reference Department will be almost certain to have a record of it, for it indexes 120 financial papers, as well as state bankers' association proceedings, books, pamphlets, and documents, and keeps thousands of newspaper clippings on file.

Of course there are some banking subjects upon which little can be found in print. When those arise the Library makes it part of its work to find the men who know and to get the facts from them if possible.

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

DIGEST OF RULINGS UNDER WAR REVENUE ACT OF 1898 APPLICABLE TO ACT OF 1914.

THE Commissioner of Internal Revenue in the following Treasury Decision has indicated the course the administration will probably follow in construing the provisions of the Emergency Revenue Act of October 22, 1914:

"The following rulings, made under Schedule A of the war-revenue act of June 13, 1898, and its amendments, which were identical with or essentially similar to Schedule A of the act of October 22, 1914, are published for the information and guidance of all concerned.

"While they are not necessarily controlling, they will be given great weight in construing the requirements of the later act, as Congress, in practically re-enacting the provisions of the earlier act, must be considered to have done so in the light of the administrative construction given to that act."

A selected number of these rulings are therefore given as follows:

BONDS, DEBENTURES, OR CERTIFICATES OF INDEBTEDNESS.

"Bonds, debentures, or certificates of indebtedness issued on and after the first day of December, nineteen hundred and fourteen, by any association, company, or corporation, on each \$100 of face value or fraction thereof, 5 cents; and on each original issue, whether on organization or reorganization, of certificates of stock by any such association, company, or corporation, on each \$100 of face value or fraction thereof, 5 cents; and on all sales, or agreements to sell, or memoranda of sales or deliveries or transfers of shares or certificates of stock in any association, company, or corporation, whether made upon or shown by the books of the association, company, or corporation, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale, whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money or for the future transfer of any stock, on each \$100 of face value or fraction thereof, 2 cents: *Provided*, That it is not intended by this act to impose a tax upon an agreement evidencing a deposit of stock certificates as collateral security for money loaned thereon, which stock certificates are not actually sold, nor upon such stock certificates so deposited: *Provided further*, That in case of sale where the evidence of transfer is shown only by the books of the company the stamp shall be placed upon such books; and where the change of ownership is by transfer certificate the stamp shall be placed upon the certificate; and in cases of an agreement to sell or where the transfer is by delivery of the certificate assigned in blank there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. And any person or persons liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such

person or persons, who shall make any such sale, or who shall in pursuance of any such sale deliver any such stock, or evidence of the sale of any such stock or bill or memorandum thereof, as herein required, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both, at the discretion of the court."

When a bond is said to be issued. Whenever a corporation issues a bond, and there accrues to the corporation a benefit or consideration for issuing the same, the bond is subject to taxation.

In reckoning the stamp tax on transfers of certificates of shares, the tax is reckoned on the face value.

Transfers of stock from guardian to ward subject to taxation.

Preferred stock issued in lieu of common stock not taxable when there is no change of ownership.

Where brokers acting in behalf of their principals buy stock and receive stamped bills of sale in their own names, they may transfer such stock on the books of the corporation to the names of their principals without additional stamp tax.

Certificates of stock of a foreign corporation when sold or delivered within the United States are liable to the same tax as certificates of stock of any domestic corporation.

"Puts" and "calls." The Attorney-General decided that the former are not subject to tax, but that the latter, being agreements to sell, are taxable.

When a certificate of stock is presented for transfer and the power of attorney on the back thereof is dated prior to July 1, 1898, although the name of the transferee is not filled in until after that date, both the power of attorney and the certificate are required to be stamped.

In reckoning the stamp tax on transfer of certificates of stock, the tax is reckoned on the face value. In reckoning this tax, the fact that only part of the face value of shares subscribed for and issued has been paid by the shareholders is not to be taken into consideration.

Where stock is sold at the par value of \$100, and upon which it appears that only \$25 have been paid, the tax is to be reckoned upon the face value of \$100, and not upon the \$25.

Where one certificate represents several shares, the tax of 2 cents on each \$100 or fraction thereof is to be reckoned on the face value of the certificate, and not on the face value of each separate share.

On transfer of one certificate representing 500 shares, \$5 par value, the stamp tax required is 50 cents.

When stock is transferred for which no certificate has been issued, and the evidence of transfer is shown only by books of the company, the stamps should be placed upon such books. Where the change of owner-

ship is by the transfer of a certificate, and the certificate contains a blank form of assignment on the back, which is filled in by the insertion of the name of the person to whom the stock is transferred, the stamp should be placed upon the certificate.

In case of an agreement to sell, or where the transfer is, by the delivery of the certificate, signed in blank, the name of the transferee or vendee to be filled in afterwards, there should be made and delivered by the seller to the buyer a bill or memorandum of sale, to which the stamp should be affixed.

Where certificates of shares were sold and delivered before July 1, 1898, entry of transfer on corporate books after June 30 does not require stamp.

New certificates of stock issued to holder in lieu of original certificate, and remaining in his ownership, do not require stamps.

When certificate of stock is sold and stamp tax is paid on memorandum thereof, upon transfer of this certificate to purchaser's name no additional tax for such transfer is required. Where one certificate represents several shares of stock (however large the number of shares), on transfer of this certificate the stamp tax is to be reckoned on its face value and not on the face value of each separate share of stock which it represents.

Transfers of stock from parties occupying fiduciary relationships to those for whom they held the stock are transfers subject to taxation.

A owns a certificate of 100 shares of stock; he transfers 50 shares to B; there are two certificates of 50 shares each issued in lieu of the 100-share certificate, 50 shares going to A and 50 shares to B. The tax imposed is on the transfer to B; there is no tax on A's transfer to himself.

PROMISSORY NOTES.

"Promissory notes, except bank notes issued for circulation, and for each renewal of the same, for a sum not exceeding \$100, 2 cents; and for each additional \$100 or fractional part thereof in excess of \$100, 2 cents."

A judgment note is a promissory note and is required to be stamped as such. (See Judgment Note under Power of Attorney.)

Receipts accepted in lieu of promissory note, as evidence of money loaned, must be stamped as promissory notes.

Promissory notes under seal taxable same as other promissory notes, and not as bonds.

Checks used in lieu of promissory notes must be stamped at the rate of 2 cents per \$100.

Where a note or notes with detached interest-coupon notes are given, each coupon note requires a stamp in addition to the stamp placed on the principal note.

Interest coupons attached to bonds and surrendered as receipts for interest paid do not require a stamp.

No stamp is required upon the transfer by indorsement of promissory notes.

Where notes secured by a deed of trust are used as collateral, the deed of trust and the notes are required to be stamped not on the basis of their face value, but on the amount for which they are pledged (that is to say, the memorandum of their pledge must be so stamped). This pledge of notes and deed

of trust does not require to be stamped again because of renewals of the notes held as collateral if the pledge itself is not renewed. (Pledges not taxable under act of Oct. 22, 1914.)

Promissory notes which have matured and have been allowed to run without suit are held not to be renewed by the payment of interest. This is looked upon as a "forbearance" and not a renewal, the holder not relinquishing his right of action for any stated period.

CERTIFICATES.

"Certificate of profits, or any certificate or memorandum showing an interest in the property or accumulations of any association, company, or corporation, and on all transfers thereof, on each \$100 of face value or fraction thereof, 2 cents."

"Certificate: Any certificate of damage, or otherwise, and all other certificates or documents issued by any port warden, marine surveyor, or other person acting as such, 25 cents."

"Certificate of any description required by law not otherwise specified in this act, 10 cents."

Letters of administration and other probate papers, certificates of sale for unpaid taxes, and certificates of redemption, no stamp required.

Certificates required by law issued by any department or officer of the Government at the request of private persons, solely for private use, should be stamped. The stamp should be furnished by the person applying for the instrument and for whose use and benefit the same is issued, and should be affixed before the document is delivered.

Any documents, the stamping of which would make it necessary that the State should furnish and affix the stamp, are held to be exempt from the stamp tax.

No stamp is required upon certificates of the sufficiency of sureties upon bonds.

A stamp is required on a certificate of incorporation.

The certificate of a clerk of court to the qualifications of a notary public, or justice of the peace, is held to be a certificate requiring a stamp.

A certificate of acknowledgment to a deed where the consideration of the deed is \$100 or less, or to a mortgage where the consideration is \$1,000 or less, does not require a stamp.

Certificates of protest of every note, bill of exchange, etc., whether protested by a notary public or by any other officer duly authorized by law, must be stamped.

"Certificate of any description required by law not otherwise specified in this act, 10 cents." (The first requirement necessary to subject any given certificate thus generally described to tax is that it shall be one which is required to be given by law, national, State, or municipal. All such are taxable, except those coming within the exemption of section 17—that is to say, those which are given strictly in the exercise of the functions—governmental, taxing, or municipal—of the State or corporation.)

A certificate of search showing that the dockets or records of a court have been searched, and showing either that liens exist or do not exist as to property, or that judgments are recorded or are not recorded, and also certificates of search to ascertain whether or not titles are good, whether taxes have been paid, and other certificates of this character are not such as are

required in the general discharge of governmental functions on the part of the officers giving them, but are such as are needed for private use and private interests, and are, therefore, subject to the tax, as being required by law to be given when called for.

If the act performed, or the certificate issued by the officer is in the discharge of an official function necessary in operating the general machinery of the Government, it is exempt.

Certificates of acknowledgment of deeds and mortgages are not required to be stamped. The memorandum on the back of a deed or mortgage, made by the register or recorder, that the instrument has been placed upon record, is not subject to taxation. It is not a certificate such as is contemplated by the law. It is a brief note on the back of the deed or mortgage citing date of filing and date and place of record.

CONVEYANCES.

"Conveyance: Deed, instrument, or writing, whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance thereon, exceeds \$100 and does not exceed \$500, 50 cents; and for each additional \$500 or fractional part thereof in excess of \$500, 50 cents: **Provided**, That nothing contained in this paragraph shall be so construed as to impose a tax upon any instrument or writing given to secure a debt."

Note.—The act of June 13, 1898, taxed conveyances upon the whole value of the consideration, while the act of October 22, 1914, taxes such instruments on the value exclusive of the value of any lien or incumbrance thereon.

Escrow deeds are not subject to taxation until final delivery.

A contract for deed used in selling real estate is not subject to stamp tax.

Releases of mortgages and deeds of trust operating as mortgages are not subject to taxation, no matter in what form they are executed.

When a partition deed is operative in defining boundary lines or in showing by location each tenant in common's interest, no tax accrues.

Deeds of conveyance executed by and between tenants in common not taxable. Deeds of conveyance executed by and between joint tenants taxable.

Quitclaim deed taxable according to value of the property interest conveyed.

POWER OF ATTORNEY OR PROXY.

"Power of attorney or proxy for voting at any election for officers of any incorporated company or association, except religious, charitable, or literary societies, or public cemeteries, 10 cents.

"Power of attorney to sell and convey real estate, or to rent or lease the same, to receive or collect rent, to sell or transfer any stock, bonds, scrip, or for the collection of any dividends or interest thereon, or to perform any and all other acts not hereinbefore specified, 25 cents: **Provided**, That no stamps shall be required upon any papers necessary to be used for the collection of claims from the United States for pensions, back pay, bounty, or for property lost in the military or naval service."

An instrument authorizing the secretary to transfer stock on the books of the company held not to be taxable as a power of attorney.

An instrument appointing an attorney in fact to transfer stock on the books of the company requires to be stamped as a power of attorney, but an instrument authorizing the secretary to make the transfer is held not to be a power of attorney.

Where judgment notes, so called, contain a clause authorizing any attorney at law to confess judgment in favor of the holder of the note, such authorization is held to be a power of attorney, and taxable as such, in addition to the tax required on the judgment note as a promissory note.

Powers of attorney to sell or transfer Government bonds are taxable.

PROTESTS.

"Protests: Upon the protest of every note, bill of exchange, acceptance, check, or draft or any marine protest, whether protested by a notary public or by any other officer who may be authorized by the law of any State or States to make such protest, 25 cents." No rulings found.

RECENT RULINGS UNDER ACT OF OCTOBER 22, 1914.

CERTIFICATES of deposit issued by banks not taxable under Internal Revenue Act of October 22, 1914.

Certificates of ownership, certificates of exemption and other certificates which are not required by specific statute, but by regulations only, are not subject to tax as "certificates required by law" under Act of October 22, 1914.

ADVANCE INTEREST PAYMENTS ON PROMISSORY NOTES NOT TAXABLE AS RENEWALS.

ANUMBER of inquiries have been received from bankers asking whether the acceptance of quarterly interest in advance upon promissory notes payable on demand would make such notes taxable as renewals under the provision of the Emergency Revenue Act of 1914. Opinion has been given in all these cases to the following effect: The receipt of interest in advance for a definite period beyond maturity of a note is not of itself conclusive evidence of an agreement extending the time of payment of the principal to the date to which interest is paid. Some courts have held the receipt of interest in advance is *prima facie* evidence of such an agreement, but other courts have held that the acceptance of advance interest is neither *prima facie* nor sufficient evidence. This would indicate at least an uncertainty as to whether an advance payment of interest could be regarded as renewing a promissory note. But more to the point, the Treasury Department has recently made public the following ruling promulgated under the War Revenue Act of 1898: "Promissory notes which have matured and have been allowed to run without suit are held not to be renewed by the payment of interest. This is looked upon as a 'forbearance' and not a renewal, the holder not relinquishing his right of action for any stated pe-

riod." In view of this ruling, it is safe to conclude that the transaction in question is not taxable as a renewal.

NO STAMP TAX UPON CERTIFICATES OF DEPOSIT.

ARULING has recently been promulgated by the Treasury Department that certificates of deposit issued by banks are not taxable under the Act of 1914. Prior to this ruling General Counsel had been in receipt of numerous inquiries from bankers asking whether certificates of deposit would be subject to the stamp tax, and opinions were given in all these cases that the law would not be construed as requiring a stamp on such certificates. It was pointed out that the War Tax Act of 1898 in Schedule A covering stamp taxes expressly specified, in addition to promissory notes, bank checks, drafts, certificates of deposit not drawing interest, certificates of deposit drawing interest, etc., but that the present law, while adopting the old Schedule A as a basis, has copied the old provision as to promissory notes and omitted the provisions as to certificates of deposit, and this, it seemed, evidenced the clear legislative intent not to impose a stamp tax on such certificates. The ruling now made confirms the above opinion.

TRUST COMPANIES AND THE EMERGENCY TAX.

THE question whether trust companies whose capital and surplus are invested in prescribed securities are subject to the tax as bankers who are required to pay \$1.00 for each \$1,000 of capital, including surplus and undivided profits, used or employed, has come to the front similarly as under the War Revenue Act of 1898. The provisions of the Act of 1914 in this relation are virtually the same as those of the Act of 1898. Under the former law the Central Trust Company and the Farmers Loan and Trust Company of the City of New York paid their respective taxes under protest and subsequently brought an action against the Collector to recover these taxes in the United States District Court, in which they were successful. The decision was sustained by the United States Circuit Court, and the Treasury Department did not carry the case to the Supreme Court. Following is a copy of the decision of the Circuit Court, which will be of interest at the present time:

Central Trust Company of New York v. Treat,
Collector, 171 Fed. Reporter 301.

(Circuit Court, S. D. New York, June 10, 1909.)

This is an action to recover \$22,156 paid by the plaintiff under protest as a tax claimed by the defendant, a collector of internal revenue, to be due under War Revenue Act, June 13, 1898, c. 448, Sec. 2, 30 Stat. 448 (U. S. Comp. St. 1901, p. 2286). The relevant parts of the section read as follows:

"Sec. 2. That from and after July first, eighteen hundred and ninety-eight, special taxes shall be, and hereby are, imposed annually as follows, that is to say:

"(1) Bankers using or employing a capital not exceeding the sum of twenty-five thousand

dollars shall pay fifty dollars; when using or employing a capital exceeding twenty-five thousand dollars, for every additional thousand dollars in excess of twenty-five thousand dollars, two dollars, and in estimating capital surplus shall be included. The amount of such annual tax shall in all cases be computed on the basis of capital and surplus for the preceding fiscal year. Every person, firm, or company, and every incorporated or other bank, having a place where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check, or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes, or where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount or sale, shall be a banker under this Act: Provided, that any savings bank having no capital stock, and whose business is confined to receiving deposits and loaning or investing the same for the benefit of its depositors, and which does no other business of banking, shall not be subject to this tax."

The only matter in dispute is whether the tax is payable on \$11,078,355.29, being accumulated and undivided profits resulting from the conducting of the business of complainant for many years.

LACOMBE, Circuit Judge (after stating the facts as above).—In view of former decisions in this circuit (*Leather Manufacturers' Bank v. Treat* [C. C.], 116 Fed. 774; *Id.*, 128 Fed. 262, 62 C. C. A. 644) there would be no difficulty in finding that these accumulated undivided profits are either "surplus" or "capital." In the case cited the plaintiff was a bank engaged solely in a banking business, and presumably all the property that it had was employed in such business. But in the case at bar the plaintiff is not a bank or banker, and, although it does some of the things enumerated in the section as indicative of such business, its principal business seems to be distinctively that of a trust company.

It will be observed that the "capital and surplus," which is subjected to the tax, is that which is used or employed by the banker; i. e., in the banking business. The evidence shows that the entire amount of these undivided profits before, during, and at the end of the fiscal year were invested in municipal and railway bonds and in the stocks of corporations, and were not in any sense employed in the business of banking, although the ownership of this large amount of securities available to make good losses in any of the enterprises which the corporation was conducting naturally increased its credit generally.

Counsel may prepare and submit findings in accordance with this decision, whereupon they will be signed, and judgment entered for the plaintiff.

THE TAX ON EMERGENCY CIRCULATION.

UNDER the provisions of Section 27 of the Federal Reserve Act

"National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes."

The question arises, in case a national bank, after the first month of issue, increases the average amount of its emergency circulation, will such increase be taxed only three per cent. for the first three months, although it has had a smaller average circulation outstanding for more than three months? To state a concrete case: A national bank has average emergency circulation outstanding for

October	.....	\$10,000
November	.....	50,000
December	.....	50,000
January	.....	50,000

Will the tax for January be $3\frac{1}{2}$ per cent. on \$10,000 and 3 per cent. on \$40,000, the $3\frac{1}{2}$ per cent. on the full amount not being payable until February, or will $3\frac{1}{2}$ per cent. on \$50,000 be payable for January?

Many inquiries have been received from bankers on this point. It would seem that to mulct the bank a higher tax upon the increased amount of circulation before such increased amount had had the full benefit of the lower rate would be unjust. But it has been officially ruled that the higher tax is payable. Following is the opinion of the Comptroller of the Treasury, rendered last August, which so decides:

COMPUTATION OF TAX ON NATIONAL BANK NOTES.

The tax on national bank circulation not secured by bonds is required to be computed on the average amount of the notes in circulation monthly, and the rate of the tax is at the rate for the particular month computed from the beginning.

Comptroller Downey to the Secretary of the Treasury,
August 14, 1914:

I have your reference of August 8, 1914, of the request of the Treasurer of the United States for the opinion of this office upon how to compute the tax upon emergency currency circulation provided by Section 9 of the Act of May 30, 1908 (35 Stat., 550), as amended by Section 27 of the Act of December 23, 1913 (Public, 43), and the Act of August 4, 1914 (Public, 163).

Section 9 as it originally appeared in the Act of 1908 was an amendment of Section 5214 of the Revised Statutes, which fixed a tax on circulation secured by bonds, the amendment fixing a tax on circulation secured otherwise than by bonds. This provision of Section 9 was as follows:

"... for the first month a tax at the rate of five per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax of one per centum per annum for each month until a tax of ten per centum per annum is reached, and thereafter such tax of ten per centum per annum, upon the average amount of such notes."

Section 9 also contained a provision (not in Section 5214) requiring the banks to make monthly returns of the average monthly circulation, as follows:

"Every national banking association having outstanding circulating notes secured by a deposit of other securities than United States bonds shall make monthly returns, under oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average monthly amount of its notes so secured in circulation; and it shall

be the duty of the Comptroller of the Currency to cause such reports of notes in circulation to be verified by examination of the bank's records."

The Acts of 1913 and 1914, *supra*, provided that Section 5214 should be restored as it was prior to the Act of 1908, "subject to such amendments or modifications as are prescribed in this act," but that the tax rate on circulating notes secured otherwise than by bonds should be amended as follows:

"National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes..."

The Treasurer taking the provision respecting monthly returns, together with the change in the tax rate, states that the question is as follows:

"The question upon which there seems to be some doubt is whether the first month a bank issues this emergency circulation shall be counted as the first month for all subsequent issues in determining the rate of taxation, or whether the first month of issue shall apply as such only to those notes actually issued during that first month, i. e., a bank issues \$10,000 notes in August, \$10,000 in September, \$10,000 in October, and \$10,000 in November. On the \$10,000 issued in August the bank must pay three per centum per annum, as for the first month. On the \$10,000 issued in September plus the \$10,000 previously issued (or a total of \$20,000), the bank must pay three per centum per annum, as for the month of September; on the \$10,000 issued in October, plus the \$20,000 previously issued, the bank must pay at the rate of three per centum per annum for that month. In figuring the tax for the month of November, this question arises, Shall the increased rate ($3\frac{1}{2}$ per centum) per annum, for the fourth month, apply only to those notes issued in August, and therefore outstanding for three months? Or shall the increased rate apply to the entire \$40,000 notes, \$10,000 of which have been outstanding only one month, and another \$10,000 for only two months? In other words, shall the first month in which the bank issues these notes, be counted as the first month for all notes in determining subsequent rates of tax which shall apply to all, or shall the first month, as such, apply only to those notes actually issued during that month, so that the month of November (for example) would be counted as the fourth month for those notes issued in August; the third for those issued in September; the second for those issued in October, etc.?"

I do not think that the provisions of the amended section contemplate computing the additional tax upon the circulation as set out in the above illustration.

In the section as now amended the tax is for the first three months at the rate of three per cent. per annum upon "the average amount" of the notes in circulation. After the three months an additional tax is imposed.

In all the computations, effect must be given to the condition that the tax is upon "the average amount" in circulation; that is to say, each month the average amount in circulation that month must be ascertained to compute the tax for that month. Beginning with the first month, after the average circula-

tion for that month has been ascertained, that average will vary as there are increases or decreases the next month, and having regard to the time when during the second month increases or decreases were made. If there are none, the average of the first month will also be the average for the next month. It follows that the circulation one month is absorbed into the average circulation for the next month, and the circulation of the preceding month is no longer for consideration after the average for the succeeding month has been ascertained; and it matters not whether it is the first and second month or the third and fourth month that is in question.

Now, as to the specific question, the circulation of the first month has no immediate bearing on the average circulation on which the tax rate fixed for the fourth month is to be computed. For each of the preceding three months the average circulation must have been ascertained to compute the tax for those months by the rate provided by the statute for those months. For the fourth month the average circulation must be ascertained in precisely the same manner as the averages of the other months were ascertained—by the increases or decreases in the average of the preceding month (the third month) and having regard to the time in the fourth month when such increases or decreases were made, and if there were none, the average for the fourth month will be the same as for the third month. With the fourth month the rate of taxation is changed, but that does not change the method of averaging and compel taking the first month's circulation as the amount in circulation three months, the second month's as in circ-

ulation two months, and the third month's as in circulation one month as in the Treasurer's illustration. When the circulation for those months was ascertained, it was to compute the tax for those months respectively, and the account of the circulation for those months is closed so far as concerns the tax for the fourth month.

Additional circulation taken out any month after the first three enters into the computation of the average for that month, not at a first month's rate, but at the rate for that month computed from the beginning, whatever it may be.

ENABLING LEGISLATION FOR STATE BANKS.

ONLY eleven State legislatures held regular sessions during 1914, and the majority of them, including the State of Ohio, whose legislature held a special session, passed acts enabling and empowering State banks and trust companies to become members of the Federal Reserve Bank. The States which passed this legislation are as follows:

Kentucky, Chapter 16, Laws of 1914.
 Louisiana, Act No. 305, Laws of 1914.
 Massachusetts, Chapter 537, Laws of 1914.
 New Jersey, Chapter 159, Laws of 1914.
 New York, Chapter 369, Laws of 1914.
 Ohio (special session), House Bill No. 5, passed February 6, approved February 17, 1914.
 Virginia, Chapter 27, Laws of 1914.

The statute in Massachusetts applies only to trust companies; this doubtless because there are no State banks in Massachusetts. The Virginia statute, also, applies specifically only to banks, but it may be broadened by construction to include trust companies.

OPINIONS OF GENERAL COUNSEL

Summary of Questions Received and Opinions Rendered to Members of the Association

STAMP TAX ON NOTES SECURED BY MORTGAGE.

Under Act of 1914, stamp tax is on the note and there is no tax on the mortgage.

From Maryland.—In the matter of the new War Tax Revenue Bill, I would like to know whether your office has any ruling upon the taxation of promissory notes given in connection with mortgage security. One section of the bill imposes a tax on promissory notes of two cents for each one hundred dollars or fractional part thereof; another section exempts the tax upon any instrument or writing given to secure a debt. As this tax goes into effect on December 1st, it is well for all savings banks to be advised of the Departmental interpretation of these conflicting sections of the law.

There has been no ruling by the Treasury Department as yet, so far as I know, upon the taxation of promissory notes given in connection with mortgage security, but it seems to me that in case of a note secured by mortgage, there would be a stamp tax on the note of two dollars per one hundred dollars as provided in the paragraph on promissory notes, but there would be no tax on the mortgage, which is expressly exempted from taxation in the Act of 1914 by the provision in the paragraph on conveyances that nothing therein shall be construed to impose a

tax upon any instrument given to secure a debt.

There is no inconsistency between the provision taxing promissory notes and the provision exempting instruments given to secure a debt. Where a note and mortgage are given to a savings bank, the note is the borrower's promise to pay and is given as an evidence of the debt, while the mortgage is the instrument given to secure the debt. The note, technically speaking, is not given to secure the debt, but only as an evidence thereof and therefore the provision exempting instruments given to secure a debt would not apply to promissory notes.

It may be of interest to note the change in policy as to the taxation of mortgages between the former War Revenue law of 1898 and the present law of 1914. Under the law of 1898 mortgages as well as notes were taxed, the rate on mortgages to secure sums above \$1,000 being fifty cents for each \$500 and a provision was subsequently added to the law that "Whenever any bond or note shall be secured by a mortgage, or deed of trust, but one stamp shall be required to be placed upon such papers: Provided, That the stamp tax placed thereon shall be the highest rate required for said instruments, or either of them."

The present law retains the provision of the law of 1898 taxing promissory notes, but omits the provision specifically taxing mortgages and it changes

the provision of the law of 1898 as to conveyances by the insertion of the words in **bold face**:

"Conveyance: Deed, instrument, or writing, whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance thereon, exceeds \$100 and does not exceed \$500, 50 cents; and for each additional \$500 or fractional part thereof in excess of \$500, 50 cents: **Provided, That nothing contained in this paragraph shall be so construed as to impose a tax upon any instrument or writing given to secure a debt.**"

Under the present law, therefore, mortgages are not taxed and a deed of land subject to a mortgage is taxed on the value of the property conveyed exclusive of the value of the mortgage.

PROTEST BY NOTARY WHO IS EMPLOYEE OF MEMBER OF FEDERAL RESERVE BANK.

Opinion that notary, employee of member bank, not prohibited by Federal Reserve Act from protesting paper owned by bank or held by it for collection and receiving fee therefor.

From Illinois.—There appears to be some doubt under the Federal Reserve Bank Law with respect to the protest of checks drawn on a member bank, or checks, notes and drafts sent to a member bank for collection, with reference to the protest by an employee not an officer or director. We should like to have your opinion and also reference to that section of the law prohibiting such employee from acting in that capacity, if there is such a section.

Under the law prevailing in the States generally, with the exception of restrictive statutes in a few States, a notary who is an employee or officer but not a stockholder of a bank is competent to make protest of paper owned or held by the bank for collection, but if the officer has a stock interest in the institution this disqualifies him in a number of States because of such indirect pecuniary interest from protesting paper in which the bank is interested, although it would not affect his qualification where the paper is only handled by the bank as agent. Furthermore, in some States this disqualification of a notary who is stockholder does not exist or has been removed by statute.

Assuming the notary competent under State law, the only provision in the Federal Reserve Act that would seem to have any bearing on the subject is that portion of Section 22, which provides:

"Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. . . . Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both."

This provision prohibits an officer, director or employee or attorney of a member bank from being a

beneficiary of the bank or receiving any fee or other consideration for or in connection with any transaction or business of the bank, other than the usual salary or director's fee and other than "a reasonable fee paid by said bank to such officer, director or employee for services rendered to such bank." Inasmuch as the notary receives a fee for making protest to which he is entitled by the law of the State under which he is appointed, the question arises whether the receiving of such fee by a notary who is an employee of a member bank, paid by the bank either on its own behalf or on behalf of some other owner of the paper, would be prohibited by the Act? I do not see how the receiving of the notary's fee could be considered as in violation of the Act. The provision contemplates the payment by the bank of salaries and of fees for services rendered to the bank and prohibits a director, officer, employee or attorney from otherwise being a beneficiary of the bank or receiving a fee, gift or commission—whether from the bank or any one else—in connection with any transaction or business of the bank. Whatever else is prohibited, it would seem that an employee of the bank who receives from it as notary a fee for making a protest would be receiving a fee for the service rendered to the bank within the meaning of the exception to the prohibitory provision and would not be violating the law.

VERIFICATION OF DAILY BANK STATEMENT.

Country bank receiving daily statement from city correspondent must use due diligence in examining statement and giving notification of errors—What constitutes due diligence not yet specifically defined by courts—Discussion of degree of diligence in light of recent New York decision in Morgan case.

From South Dakota.—Kindly advise what would be the position of a bank whose city correspondent makes daily statement to them showing the drafts paid as well as crediting amounts, in case the country bank neglects to check up the statements sent until the end of the month and at that time discovers that a forged or raised draft has been charged to its account. We wish to know if it is the duty of the country bank to check up the statements sent daily.

After diligent search no reported case has been found which will serve as a precedent as to the precise duty of diligence required of a bank which receives daily statements by mail from its correspondent of amounts charged and credited, in checking up and verifying the daily account rendered and reporting errors for correction.

Concerning statements of account generally as between debtor and creditor, the rule is that an account rendered becomes an account stated after a reasonable time and then it can be impeached only for fraud or mistake; but in the case of accounts between bank and customer special rules apply and the customer is held under duty of making examination of his returned passbook and vouchers with due diligence and of reporting without unreasonable delay any errors that may be discovered.

Earlier rulings of the courts allowed a considerable degree of laxity to the depositor with reference to examination of his returned passbook and vouchers, but the later decisions have adopted a stricter

measure of duty. One of the most recent cases, and one which will afford a standard for guidance, is *Morgan v. U. S. Mortgage & Trust Co.*, 208 N. Y. 218. In that case the court held that depositors owed their bank the duty of making an examination and verification of their account "when the passbook and vouchers were returned" and that they were guilty of negligence "after the lapse of a reasonable time in not examining the passbook and list of vouchers and ascertaining what they were being charged with and thus discovering the existence of the forged checks." In that case an examination was in fact made, but instead of comparing the passbook, which was the statement of the bank's version of the account and the fundamental basis of comparison with the depositors' own records, the depositors relied merely on a comparison of the returned vouchers with the check book and they saw only such of the returned vouchers as were genuine, for the forger who was in their employ did not permit the forged vouchers to reach them. The court said this method of comparison was an obvious neglect of duty. It was virtually no examination.

In the Morgan case, during the period of a year, twenty-eight forged checks were paid by the bank and five times during this period the passbook was balanced and returned with the vouchers. The liability of the bank on the checks which were paid before and at the date on which the passbook was first balanced and returned was conceded, but the jury determined, on a special submission of that particular question, "that the time which elapsed between the return of this passbook and the payment of the check next thereafter was of sufficient length to give the appellants (depositors) a reasonable opportunity for an examination and ascertainment of the condition of the account which disclosed the payment of the forged checks." Therefore, with the exception of the four checks paid by the bank before and at the time the passbook was first balanced, the bank was held not liable to its depositor for the repayment of the amounts paid on the remaining forged checks.

An examination of the record in this case discloses that the first three forged checks were paid before the passbook was balanced, that the fourth forged check was paid the day after the passbook was balanced, but before it was returned to the depositors; the fifth forged check was paid eight days after the passbook was returned, and a sixth forged check paid seventeen days later. The Trial Court held that at the time of the payment of the sixth check more than a reasonable time had elapsed for the depositor to make an examination and as to the fifth forged check the question, as above stated, was specially submitted to the jury, who determined that the time which had elapsed between return of the passbook and payment of this check afforded the depositors a reasonable opportunity for examination, so that the depositors were not even entitled to repayment of this fifth check, paid only eight days after the return of the passbook.

What this case holds may be summarized as follows: A depositor owes his bank the duty of making an examination and verification when the passbook and vouchers are returned, and is guilty of negligence if such examination is not made after the lapse of a reasonable time. A neglectful examination is

equivalent to no examination. When a passbook is returned with forged vouchers it is held as matter of law that twenty-five days thereafter is more than a reasonable time and by a jury, as matter of fact that eight days after return of the passbook was a sufficiently reasonable time for examination, with the result that failure to make an examination by that time was such neglect of duty as to prevent the depositor from recovering upon forged checks paid eight days and twenty-five days respectively after the return to the depositor of the passbook with forged checks paid before the first balancing, as well as to prevent the depositor from recovering money paid on subsequent forged checks.

The result of this case, therefore, indicates that upon return of passbook and vouchers to a depositor—or as is the more modern practice a statement of account and vouchers—reasonable diligence requires a very prompt examination of the account and reporting of errors, failing which the bank will not be chargeable in event subsequent forged checks were paid which would not have been paid had the depositor exercised due diligence in the matter of prompt examination and notification.

The Morgan case and supporting authorities cited therein deal with the duty of an individual depositor who receives returned passbook and vouchers. No reported decision, as already said, has been found dealing with the duty of a bank depositor who receives a daily statement of account from his depositary. But in view of the fact that the account is sufficiently active to require a daily statement it would seem that the courts would hold the bank receiving it to a commensurate degree of diligence which would not be fulfilled by examination or checking up only at the end of the month when, presumably, the vouchers are returned. Of course should a country bank neglect to check up a statement until the end of the month and at that time discover that a forged or raised draft has been charged to its account early in the month, this would not necessarily preclude it from asserting the forgery unless the correspondent bank had been prejudiced by the delay, but should a second or other forged check be paid later in the month, which a reasonably prompt notification of the first forgery earlier in the month would have prevented, there would be reasonable ground for holding that due diligence had not been exercised by the country bank depositor and that it could not require repayment of the subsequent forged checks. Of course if the forgery was of something that could not be detected by mere examination of the daily statement, without examination of the forged voucher itself which was not returned with the daily statement, there would be no estoppel. It might be possible that a genuine check of \$500 had been issued and not presented and a forged check of the same date, number and amount paid and entered on the statement. Mere examination of the statement itself would not disclose this. But generally speaking, it would seem that, in view of the trend of modern authorities as to the duty of due diligence imposed upon depositors in the examination of returned passbook and vouchers, the courts would hold in the case of a country bank depositor, receiving daily statement of account, that due diligence would require something which would approximate almost

a daily examination and prompt notification of errors discovered. It remains of course for the courts to lay down precise rules on these points growing out of controversies which may hereafter arise.

In South Dakota there is a statute which provides:

"No bank shall be liable to a depositor for the payment by it of a forged or raised check unless within three months after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid is forged or raised."

But this simply provides a time limit of three months for the depositor to notify the bank of a forged or raised check, failing which he cannot recover from the bank in any event. But if he neglects the duty of prompt examination and the bank suffers loss from such neglect, the depositor cannot probably recover, although he notifies the bank within three months. This is made clear by the decision in the Morgan case. At the time of the transactions in that case a similar statute existed in New York, except that it provided a time limit for notification by the depositor of one year instead of three months, and yet, notwithstanding this statute, the court refused to allow the depositor to recover payments of subsequent checks, one of such payments being made less than two weeks after the passbook was returned with the forged vouchers first paid.

In the light of the foregoing discussion, taking up your specific question whether it is the duty of the country bank to check up the statement sent daily and if the bank neglects so to do until the end of the month and then discovers that a forged draft has been charged to its account, whether it can repudiate the charge, would say: The courts have never yet held that it is the duty of the country bank to check up the statement daily, but in view of the trend of modern authority, the courts would probably hold it neglect of duty if the daily statement is not checked up with reasonable promptness and probably a week's delay would be held negligent. But of course this is mere speculation in the absence of a positive judicial ruling. Should the country bank neglect to check up the daily statement until the end of the month and then discover that a forged draft had been charged, its right to repudiate this charge would, I think, depend upon whether the payor bank had been prejudiced by the delay in examination of the daily statement and notification of the error. If the neglect of the country bank worked to the injury of the payor bank it probably would be held not entitled to credit for the amount; otherwise, no injury resulted from its delay.

MARRIED WOMAN AS SURETY.

In West Virginia a married woman can bind herself as surety upon note of her husband.

From West Virginia—Is it legal in this state for a married woman to go on her husband's note as surety?

Except where authorized by statute a married woman's signature to or indorsement of a note as surety is not binding upon her but in West Virginia, it has been held in a number of cases, under the statute of your state, that a note executed by a mar-

ried woman as surety for a debt of her husband is valid to bind her separate estate. The following are the authorities:

In Dages v. Lee, 20 W. Va. 584, it was held that where there is an express agreement between the creditor and a member of a partnership, whereby the creditor agrees to take the joint and several note of such partner and his wife in discharge of the partnership debt, such note is founded upon a valid consideration, and is binding on the wife's separate estate.

In Camden v. Hiteshew, 23 W. Va. 236, it was held that the debts of a married woman, for which her separate estate is liable, are such as arise out of any transaction, out of which a debt would have arisen if she had been a feme sole, except such as are not founded on a consideration.

In Williamson v. Cline, 40 W. Va. 194, it was held that a bond executed by a married woman as surety for a debt of her husband is valid to bind her separate estate. (This case was decided under Chap. 3, W. Va. Acts 1893.) In the course of the opinion, the Court said: "The statute read in the same way in years gone by, when this Court held in Radford v. Carwile, 13 W. Va. 572, and Dages v. Lee, 20 W. Va. 584, and other cases, that a married woman, as surety for her husband or any one else could bind her separate estate by a writing, without any consideration moving to her or her estate, the benefit to the principal being sufficient."

The present statute in West Virginia (W. Va. Code 1913, Chap. 66) in regard to rights and liabilities of married women in their separate property is a re-enactment of Chap. 3, W. Va. Code 1893, above cited, and it is thus seen that a married woman can be held as surety on her husband's note in West Virginia.

NOTE PAYABLE AT BANK.

In California, where note is made payable at bank and forwarded to payor bank for collection, law is uncertain whether note operates as an order or authority to bank to pay and charge to maker's account or whether bank has no right so to do in absence of express instruction from maker.

From California—Of late several notes have been sent us for collection, all made payable at this bank with the request to protest if not paid at maturity. As the maker of all of these notes carries an account with us we would like to inquire, in case there are sufficient funds in the account, when any one of the notes in question becomes due, whether we must charge the note to the maker's account. Upon receipt of these notes for collection we immediately notify the maker by mail and telephone of the same, but in the absence of any instructions from the maker, where a maker has sufficient funds in his account, are we safe in simply protesting the note and returning it to the bank from which we received it, or is the only safe course for us to pay the note and charge to maker's account?

Notes made payable at a California bank, where the maker has sufficient funds, are forwarded to the bank for collection. The bank inquires of the maker by mail or telephone whether it shall pay or refuse payment and where he replies giving instructions in the

premises the bank will of course follow his instructions. But in those cases where the bank receives no instructions from the maker the question arises whether (1) the note of itself operates as an order or an authority to the bank to pay and charge to the maker's account without express instruction, or (2) whether the note constitutes no order or authority to pay and the bank is without right to do so in the absence of express instruction from the maker.

Before the passage of the Negotiable Instruments Act in the different states there were three lines of decisions on this question. First, the courts in New York, Pennsylvania and other states held that a note made payable at a bank was equivalent to an order and obligated the bank to pay the same when presented at maturity and charge to the maker's account without express instructions from him. *Indig v. National City Bank*, 80 N. Y. 100. *Commercial Nat. Bank v. Henninger*, 105 Pa. St. 496. Secondly, a line of cases was to the effect that while such a note did not obligate the bank to pay and was not equivalent to an order, it conferred authority on the bank to make payment and charge to the maker's account. See, for example, *Kerbaugh v. Nugent*, 48 Ind. App. 43, wherein it was held that the deposit for collection of a note payable in bank authorizes such bank to apply the maker's general deposit in payment thereof. Citing *Bedford Bank v. Acoam*, 125 Ind. 584. A third line of cases is exemplified by decisions in Tennessee and Illinois to the effect that a note made payable at a bank does not of itself, without more, confer authority upon the bank to pay the note when presented by a third person at maturity out of funds standing to the credit of the maker and payment without express instruction so to do from the maker is at the peril of the bank. *Grisson v. Commercial Nat. Bank*, 3 Pick. (Tenn.), 350; *Wood v. Merchants Savings etc., Co.*, 41 Ill. 247.

The Negotiable Instruments Act contains a provision designed to clear up this conflict to the effect that "where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon." In a few of the states, however, this particular provision has been omitted.

The Negotiable Instruments Act has not as yet been passed in California, nor does the Civil Code of that state contain a provision similar to that in the Negotiable Instruments Act and, after careful search, I am unable to find any decision of the California courts in which the question has been considered and decided. The law in California on this subject at the present time is therefore uncertain for no one can tell, should the question be hereafter presented, whether the courts would adopt the now generally prevailing rule, made so largely by statute, that a note made payable at a bank is equivalent to an order to the bank to pay the same at maturity, or take the extreme opposite view that the bank had no authority to pay without instruction from the maker.

In this state of uncertainty of the law it is impossible to advise your bank with any degree of confidence whether, in the absence of instruction from the maker, they should pay the note and charge to his account or protest it and return to the bank from whom they received it. It may be that there is a custom among California banks to pay and charge

to the maker's account, but of this I have no knowledge. It will be desirable to have the law made clear by a positive statutory rule.

PROTEST OF CHECK.

Check or note can be protested immediately upon dishonor.

From Georgia.—Please advise whether a check or note presented to a bank on which it is drawn, during the regular business hours and subject to protest, can be protested at once or whether we have to wait until after hours of closing before protesting. Our banking hours are from 8.30 to 3 and the banks have agreed to clear about 11 o'clock in the morning. Occasionally one of the banks will return a check before 3 o'clock and we wish to know whether we can have this check protested at once, or must we wait until closing time and have notary make a presentation at that time and then protest?

A check or note can be protested immediately upon presentation and refusal to pay and it is not necessary for the holder to wait until the close of banking hours before handing it to a notary for protest.

SET-OFF AGAINST SAVINGS ACCOUNT.

Where depositor carries both checking and savings account with bank and is indebted to bank upon a matured loan in excess of checking but within savings account, opinion that bank can charge indebtedness to savings account.

From South Carolina.—Under the present status in South Carolina—the operation of Negotiable Instruments Act—would a bank be within the law to charge to a borrower, who has both checking and savings account, a loan direct, when not paid at maturity, to the savings account, which carries the usual rule of requiring presentation of book, etc.? The case in question involves lack of funds in checking department, but sufficient funds in savings department, and borrower fails to pay direct loan when due.

It is a general rule that a bank has a right to appropriate the funds due upon a general deposit to the payment of any debt due to the bank from the depositor. This is a right to set off against the depositor's demand against the bank its own demand against the depositor. The courts quite generally hold that the consent of the depositor to the application of his deposit upon his matured indebtedness is not essential, but in 1904 the Supreme Court of South Carolina (*Callahan v. Bank of Anderson*, 69 S. C. 374) by a divided court held that the bank must give notice to the depositor that it has applied the funds and where it applies the deposit to his debt without giving such notice and refuses to pay the depositor's check to a third party because of such application, it is liable to its depositor in damages for dishonoring his check. It has since been held in South Carolina, however (*Hiller v. Bank of Columbia*, 75 S. E. 789, decided in 1912) that "when the depositor has not assigned his demand against the bank by check or otherwise, the right of the depositor to demand his balance is subject to the right of the bank to set off against the balance any debt due by him to the bank."

The Court here states the right as absolute and not conditional upon first notifying the depositor and as the recently enacted Negotiable Instruments Act in South Carolina establishes the rule that a check is not an assignment, I should say that under the

present law of South Carolina a bank has the unqualified right to set off against the balance due its depositor any debt due by the depositor to the bank.

In the present case the depositor has two accounts, a checking account and a savings account and the depositor is indebted to the bank upon a loan which has matured in an amount which exceeds the balance of the checking account, but is less than the balance of the savings account. The specific question is whether in such case the bank has the right to apply the balance due the depositor in the savings account upon the debt of the depositor. It seems to me this right exists. The relation between the bank and depositor as to the savings account is that of debtor and creditor equally as in the case of a checking account. The savings deposit is not a trust fund but a debt due by the bank. In *Hiller v. Bank of Columbia*, above cited, the Court said: "When a depositor having two accounts in his own right, kept separately merely for his own convenience, draws on one of them beyond the amount to his credit, without any arrangement with the bank that he should do so, the bank is justified in the inference that he intends the check to be protected by the other account. Certainly it would be most unreasonable that the bank should be required, under such conditions, to pay to the depositor the credit on one account without deducting the debit on the other." See also *Hiller v. Bank of Columbia*, 79 S. E. 899. It would seem to follow from this that a bank holding a demand against a depositor and owing him on two accounts, one only of which was large enough to meet such demand, would have the right to set off its depositor's indebtedness against the account which was sufficient to meet it. I do not think the fact that such account is a savings account would deprive it of such right, as the bank is debtor to its depositor for such account equally as for an account subject to check, where both accounts are owing to the depositor in his own right. I should say, therefore, that the bank has a right of set-off against the savings account in the case stated.

PAYMENT OF ALTERED CHECK.

Bank responsible to customer for money paid on altered check, but if check signed in blank, or with blanks partly filled in, and afterwards fraudulently completed without authority, and paid by bank, payment is chargeable because of customer's negligence.

From Massachusetts—This bank cashed a check made out on our regular check form. The maker acknowledges the signature as genuine, but claims that the rest of the check which was written in a different hand and made payable to "cash" was forged. Examination by a glass does not reveal any sign of alteration in the slightest, and the bank maintains that it was justified in paying the same. Are we right and upon whom does the burden of proof rest as to the forgery? The depositor refuses to give us the check for the purpose of investigation, although he allowed the bank to examine same.

First, concerning the right of the bank to charge the payment of this check to the customer's account. The customer's signature is genuine, but the body of the check is in a different handwriting. The mere fact that the handwriting is different does not affect

the validity of the payment. This needs no citation of authority. But the customer claims that the body of the check is forged, while the bank states that examination by glass does not reveal any sign of alteration. If the customer's claim of forgery is based on the fact that the check was signed in blank by him and after being lost or stolen in this condition, was filled out and paid by the bank, the courts have held upon such a state of facts that the bank can charge the payment to its customer, as the latter owes a duty to his banker to safeguard his checks, which is violated where he signs them in blank and creates an opportunity for their misuse. See opinion to this effect with citation of authorities in the JOURNAL for October, 1914, at page 219.

Or the situation of fact may be different and a clerk of the customer who has been directed to draw the check may have so written it as to leave blank spaces which, after the customer's signature, he has fraudulently filled up contrary to the authority of the customer. Here again on the authority of *Young v. Grote*, 4 Bing. 253, and kindred cases, the bank can charge the payment. In this case a clerk of a customer filled out a check for fifty-two pounds, commencing the "fifty-two" with a small letter in the middle of a blank line and, after signature by the customer, the clerk inserted "three hundred and" in the same handwriting before the "fifty-two" and received payment of that amount. It was held the customer was negligent and the payment chargeable to his account.

But while the maker of a check is responsible to his banker where he draws a check in such an incomplete state as to facilitate or invite fraudulent alteration, he is not bound so to prepare the check that nobody else can successfully tamper with it. *Critten v. Chemical National Bank*, 171 N. Y. 219. So if this check was completely filled out before the signature by the customer and afterwards altered in a material particular, it would present a case of payment of an altered or forged check, which the bank cannot charge to the customer's account.

Your letter does not indicate the particular situation of fact upon which the customer bases his claim that aside from his genuine signature the rest of the check was forged, and I have therefore assumed different situations of fact and stated the responsibility as between bank and depositor with reference to each. To summarize: If this check was signed in blank, stolen and filled out or was originally unfilled or partly unfilled and afterwards altered, by filling the blanks, the payment would be chargeable; but if the check was issued in ordinary and complete form and afterwards altered without the authority of the customer, the payment would not be chargeable.

You ask concerning the burden of proof. In this case, the signature being genuine, the burden of proof would be on the customer to establish that the writing above the signature was a forgery. But proof of forgery would only be material in case of alteration after the check had been completely issued by the customer; if the forgery consisted in filling in blanks after the check had been stolen or the completion of partly filled blanks by a person intrusted with the check this, even if proved, would not make the bank liable.

SIGNATURE TO CORPORATION NOTE.

Note signed "Doe Manufacturing Company, John Doe, President, Jim Doe, Treas.," is generally held obligation of corporation alone, although word "by" or "per" is not prefixed to signature of officers, but in a few states is held *prima facie* to bind both corporation and officers individually.

From North Carolina—Will appreciate your opinion on note with signature as follows:

"JOHN DOE MFG. CO.,
by John Doe, Pres't,
by Jim Doe, Treas."

"JOHN DOE MFG. CO.,
John Doe, Pres't,
Jim Doe, Treas."

Where the word "by" is left off in the second signature and only the title of each party shown, can the parties be held personally responsible for the face of the note?

The weight of authority is to the effect that where a note is signed "John Doe Mfg. Co., John Doe, Pres't, Jim Doe, Treas." the omission of "by" or "per" does not make it an individual obligation of the signing officers, but that the obligation is that of the corporation alone. *Bean v. Pioneer Mining Co.*, 66 Cal. 453; *Miers v. Coates*, 57 Ill. App. 216; *Castle v. Belfast Foundry Co.*, 72 Me. 167; *Draper v. Mass. Steam Heating Co.*, 87 Mass. 338.

In English, etc., *Inv. Co. v. Globe Loan & Trust Co.*, 97 N. W. 612, the Supreme Court of Nebraska held that where there are two signatures underneath the name of the corporation, as "John Smith, President; A. Jones, Secretary," it will not be considered as the joint note of the corporation and Jones; the presumption which attends the signature of the first officer will attend that of the second as well.

In a few states a note reading "we promise to pay," signed "John Smith Mfg. Co., John Smith, President," is held *prima facie* to bind both the corporation and the individual; but the weight of authority is to the effect that although the word "by" is not prefixed to the signature of the officer signing under the name of the corporation, the effect is the same as if such word was inserted and the corporation is alone bound.

CREDIT OF DEPOSIT TO WRONG ACCOUNT.

Where M bank erroneously credited a deposit to N bank instead of to H bank and rendered statements of account from time to time to H bank, which were acquiesced in for seven years before objection, during which time N bank became defunct, opinion that after a reasonable time the accounts rendered became accounts stated, subject to correction only for fraud or mistake and that the seven years' delay of H bank by which M bank was prejudiced in its recourse upon N bank was such laches as would preclude H bank from questioning the correctness of the account.

From Mississippi—We would appreciate very much your opinion on the following case:

During the month of November, 1907, we (bank of M) handled accounts of the bank of H, H, Miss., and the N bank at N, Miss. On November 3, 1907, the bank of H sent us for credit cash item of \$94, and on November 6th another item of \$11.55. Both of these items were through error credited on our books to the N bank. Since that time we have mailed statements to the bank of H from time to time, showing the

account as it appeared on our books. Also we have had our books audited three times since date of these transactions and auditor's notices of balances sent to the bank of H. They have never taken any exception to our statements or informed us in any way of this error being made. Lately, they have had their books audited and have caught these two errors and are now claiming the amount from us. About three or four years ago the N bank failed and since the failure depositors have been paid a very small dividend and no prospects of any further disbursements; and we do not think it would be possible for us to collect this amount in question from the defunct bank. We are taking the stand that the bank of H in not notifying us of these errors in time was negligent and did not give us a chance to correct the error and collect the amount from the N bank while it was in existence. They claim, of course, that we are due them the amount.

In this case your bank at M handled accounts for a bank at H and a bank at N, Mississippi, and seven years ago erroneously credited a deposit belonging to the bank at H to the bank at N, thereafter mailing statements of account from time to time to the bank at H, which accounts rendered have been acquiesced in till now, when claim is made for correction of the mistake. In the meantime the bank at N has failed, so that recourse upon it would be fruitless.

The rendition of the statements of account by the M bank to the H bank and their retention without objection beyond a reasonable time, made each statement so rendered an account stated between the two banks. *Louisville Banking Co. v. Asher*, 112 Ky. 138; *McKeen v. Boatmen's Bank*, 74 Mo. App. 281. An account stated is, however, only *prima facie* evidence of its correctness and may be impeached for fraud or mistake. But after an account rendered becomes an account stated, one complaining thereof, must not be guilty of laches in seeking relief, for the caution with which courts approach such applications is emphasized when they are made after a long lapse of time. *Young v. Walker* (Miss. 1893), 12 So. 546; *Emmons v. Stahlnecker*, 11 Pa. St. 366. On the one hand, from the lapse of time and a failure to object sooner, the party may be considered to have acquiesced in any errors or inaccuracies of which he may complain. *Gover v. Hall*, 3 Harr. & J. (Md.) 43; *Brands v. Depue* (N. Y. 1890), 20 Atl. 206. On the other hand, as lapse of time necessarily obstructs the truth and destroys the evidence of past transactions, equity will not open accounts after the lapse of such a time as that the evidence and means of arriving at a just conclusion may be impaired. *Hutchins v. Hope*, 7 Gill (Md.) 119; *Hemmick v. Standard Oil Co.*, 91 Fed. 332. These are merely applications of the general rule that a court of equity will not entertain stale or antiquated demands which would encourage laches or negligence. *Bruen v. Hone*, 2 Barb. (N. Y.) 586.

Especially in the case of banks does it seem that the depositor owes the bank a duty of due diligence in examining the account rendered and reporting to the bank without unreasonable delay any errors which may be discovered; otherwise he will be estopped to deny the conclusiveness of the account if the bank has been prejudiced by his laches. This has been held most frequently in the case of forged paper paid by banks and returned to depositors; but the same principle or duty of reasonable examination to

detect errors in charging forged checks to the depositor's account would seem to apply with equal reason in case of an error due to an omission to credit a deposit.

In *McKeen v. Boatmen's Bank*, *supra*, it was held the reasonableness of time in which the customer of a bank should make his objection to an account stated, showing cancelled checks, so as to hold the bank liable for a forged check, is a question of law for the court.

In *Leather Mfrs. Bank v. Morgan*, 117 U. S. 96, it was held that if a depositor fails to examine his returned passbook and vouchers with due diligence and to report back to the bank without any unreasonable delay, any error which may be discovered, and the bank is thereby misled to its prejudice, he cannot afterwards dispute the correctness of the balance shown by the passbook. See also *National Bank of Commerce v. Tacoma Mill Co.*, 182 Fed. 1; *Morgan v. U. S. Mortgage & Trust Co.*, 208 N. Y. 218.

In the present case the H bank has delayed for nearly seven years after its acceptance of the account as an account stated to dispute its correctness because of the erroneous omission of credit of a deposit therein, and the M bank has been prejudiced by such delay inasmuch as if the mistake had been corrected in time, it would have had recourse upon the N bank, now defunct, to whom it erroneously gave credit for the amount. I think under these circumstances the courts would probably hold that the laches of the H bank precluded it at this late day from questioning the correctness of the account.

SET-OFF BY DEPOSITOR IN INSOLVENT BANK.

A depositor in an insolvent bank, who is indebted to the bank as maker upon a note, has a right to set off his deposit against such indebtedness, whether the note is due or not yet matured—Where the depositor is an indorser, some courts hold the same right of set-off exists, but others that the indorser cannot set off his deposit unless the maker is insolvent.

From Washington—Where a bank fails and a depositor is owing the bank on a note as a maker, can he offset the amount of his credit against his indebtedness?

If he can offset against notes on which he is the maker, can he also offset against notes on which he is an indorser, and must the bank first exhaust its remedy against the maker before permitting the offset.

Where a bank fails and the depositor is indebted to the bank as maker of a note, the courts hold that the depositor can set off the amount of his credit against his indebtedness, whether the note is past due or is unmatured at the time of the bank's insolvency. See, for example, *Scott v. Armstrong*, 146 U. S. 499; *McCagg v. Woodman*, 28 Ill. 84; *Colton v. Drovers' Perpetual Building & Loan Assn.*, 90 Md. 85; *Thompson v. Union Trust Co.*, 130 Mich. 508; *Clute v. Warner*, 8 App. Div. (N. Y.) 40; *Jack v. Klepser*, 196 Pa. 187; *Jones v. Plenning*, 85 Wis. 264.

Where the depositor is indorser some courts hold the same right of set-off exists (*Yardley v. Clothier*, 49 Fed. 337; *Davis v. Industrial Mfg. Co.*, 114 N. C. 321), but other courts hold that the right does not exist if the maker of the note is solvent. See, for

example, *Borough Bank of Brooklyn v. Mulqueen*, 125 N. Y. Supp. 1034, in which the court stated the question for decision: "Can an indorser of a note held by a bank, where the maker is solvent, offset his deposit in the bank against the amount due on the note?" and denied the right of set-off in the following language:

"Although under the rule of offsets the deposit of the note maker, Mulqueen, will be set off against his indebtedness to the bank, yet the indorser, Sparks, will suffer no loss or damage by reason of his indorsement unless payment by him will be final, that is, unless Mulqueen were insolvent so that there can be no recourse to him. Mulqueen being solvent, to allow Sparks the offset of his deposit would be merely giving him a preference over other depositors. The insolvency of the maker is a prerequisite to offset for the indorser. Chancellor Walworth, in the Matter of the Middle District Bank, 1 Paige, Ch. 584, ruled: 'But no such offset should be allowed to an indorser where he is indemnified by the real debtor, or where the latter can be compelled to pay.' A case in all facts similar and applying this rule will be found in *New Farmers' Bank's Trustee v. Young*, 100 Ky. 683-689, 39 S. W. 46. Also *O'Connor v. Brandt* 12 App. Div. 596, 42 N. Y. Supp. 1079; *Van Dyck v. McQuade*, 85 N. Y. 616."

COLLECTION BY INSOLVENT BANK.

Where bank takes check for collection and credit, but credit not given at time of deposit and bank fails before returns are received, depositor entitled to entire proceeds.

From Washington—If a depositor gives checks to a bank for collection and credit, but credit is not given to him at the time, and returns are not received until after the bank has closed, is the depositor entitled to receive the entire proceeds, or must the receiver of the bank credit this to the account of the depositor, thus making him a general creditor, liable only to a pro rata?

In the case stated where the amount is not credited at the time of deposit and the proceeds are not received until after the bank has closed, the courts generally hold that the depositor is entitled to receive the entire proceeds and does not become a general creditor, entitled only to pro rata for the amount of the check. See, for example, *Richardson v. Denegre*, 93 Fed. 572, holding that checks delivered to a bank by a depositor for collection and deposit at a time when the bank was insolvent, as must have been known by its officers, and which had not been collected when the bank closed its doors, remain the property of the depositor, and may be recovered by him from the receiver. See also *Jones v. Killveth*, 49 Ohio St. 401 [1892], to the effect that when a bank on the day of its failure credits the owner with the amount of a draft then unmatured and uncollected, it holds the entire amount subsequently collected on the draft in trust as agent of the owner.

But if the proceeds are collected and credited before insolvency, it has been held in your state that the owner cannot recover in preference to the other creditors. *Hallan v. Tillinghast*, 19 Wash. 20. However, this is not the case you present.

PROTECTIVE DEPARTMENT



L. W. GAMMON

MANAGER

OFFICES OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

ALABAMA, BIRMINGHAM.—Brown-Marx Building.
CALIFORNIA, LOS ANGELES.—Walter P. Story Building.
CALIFORNIA, SAN FRANCISCO.—First National Bank Building.
COLORADO, DENVER.—First National Bank Building.
ILLINOIS, CHICAGO.—Transportation Building.
LOUISIANA, NEW ORLEANS.—Whitney Central Building.
MARYLAND, BALTIMORE.—Munsey Building.
MASSACHUSETTS, BOSTON.—201 Devonshire Street.
MICHIGAN, DETROIT.—Dime Savings Bank Building.
MINNESOTA, MINNEAPOLIS.—McKnight Building.
MINNESOTA, ST. PAUL.—New York Life Building.
MISSOURI, KANSAS CITY.—Midland Building.
MISSOURI, ST. LOUIS.—704 Title Guaranty Building.
NEW YORK, BUFFALO.—White Building.
NEW YORK, NEW YORK CITY.—Woolworth Building.

OHIO, CLEVELAND.—Swetland Building.
OREGON, PORTLAND.—Yeon Building.
PENNSYLVANIA, PHILADELPHIA.—New Stock Exchange Building.
PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.
TEXAS, HOUSTON.—Union National Bank Building.
WASHINGTON, SEATTLE.—Hinckley Block.

FOREIGN OFFICES OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

CANADA, MONTREAL.—501 Transportation Building.
ENGLAND, LONDON, W.—Crown Chambers, 5 Regent St.
FRANCE, PARIS.—16-17 Rue Auber.
BELGIUM, BRUSSELS.—4 Passage des Postes, No. 6
Boulevard Anspach.

CORRESPONDENT OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

IOWA, DES MOINES.—The Gus. J. Patek Detective Agency,
515 Mulberry Street.

THE following is a report for the month of November, 1914, pertaining to the work of the Protective Department:

WARNING.

Members are again warned to be on the lookout for BOB ANDREWS, alias B. S. Meyers, alias B. S. Clayton, alias C. B. Blake, alias E. C. Babbitt, alias J. E. Blake, alias A. L. Davis, alias J. L. Lea, alias R. J. Graves, alias M. O. Adams, alias T. A. Turner, alias J. B. Winston, who has in the past succeeded in defrauding numerous member banks in the Southeast by means of bogus checks. This party had claimed to represent the Crescent Wholesale Drug Company, the Councils Stationary Engine and Boiler Company, of Washington, D. C.; the Louisiana Wholesale Provision Company and the Independent Refining Company, which all proved to be fictitious concerns upon investigation.

The latest description obtained of this operator is as follows: Age 23 years, 5 feet 7 inches in height, 140 pounds in weight, medium build, fair complexion, dark eyes, dark hair, smooth shaven, talks a good deal and bears a genteel appearance, is very forward in his manner. His operations have been reported in the April, 1914, JOURNAL-BULLETIN, page No. 692; June, 1914, page No. 832, and October, 1914, page No. 230.

We have been informed by a bank member at Panama City, Fla., that the private residence of C. E. Russ, Millville, Fla., was recently entered, and among other things stolen by the burglar was a certificate of deposit, No. 732, for \$3,000, issued by the First National Bank, Panama City, Fla., in favor of Mrs. P. E. Russ. This certificate was not indorsed, and should any information relative to the same be received by a bank member, please notify the First National Bank, Panama City, Fla., or this Association.

A membership bank at Los Angeles, Cal., on November 16, 1914, notified our detective agents in that city to the effect that they had been defrauded by one A. M. REX, through means of a bogus check, to which Rex forged the name of one of his former employers.

Rex, it is alleged, has been guilty of this same offense before, it being further alleged he also de-

frauded numerous storekeepers in Los Angeles through this same means. Rex is a mechanical draftsman and engineer and is described as follows: Age 40, height 5 feet 7 inches, weight about 160 pounds, dark hair, dark eyes, sallow complexion.

The California Bankers' Association is co-operating with this association in this case. Below is a specimen of his handwriting.

A. M. Rex 5⁰⁰

O. A. CLARKE. An individual using this name recently defrauded a membership bank in Los Angeles, Cal., out of the sum of \$85.00 through means of a forged check, to which the name of one of the bank's depositors was signed. The forgery was not discovered until the bank's customer had her bank book balanced and in looking over the cancelled checks the depositor discovered among the checks returned one filled out to the order of bearer and bearing the endorsement of O. A. Clarke, for the sum of \$85.00, which the depositor immediately proclaimed a forgery.

Owing to the lapse of time between the date of the cashing of this check and the discovery of the same by the depositor, the paying teller of the bank was not able to furnish a full and complete description of this individual. Our detective agents immediately upon this matter being reported to them commenced an investigation into the matter with a view of apprehending Clarke.

The California Bankers' Association is co-operating with this association in this matter. Below is a specimen of Clarke's handwriting.

O. A. Clarke

Our detective agents are endeavoring to apprehend one SIDNEY LEE MEYERS, who attempted to defraud a member bank, at San Francisco, Cal., by opening a savings account. After making his initial deposit of one dollar and receiving a pass book he proceeded to make false entries of deposits and withdrawals, his book showing five days after a balance of \$3,500. In the meantime he passed a check, which proved worthless, on a San Francisco saloon keeper and later telephoned the party stating he would make the check good. He, however, failed to do so and it was ascertained he left town with a roll of blankets, stating he intended to tramp.

He is described as follows: Age 30-35 years, height 6 feet, weight 175-180 pounds, build slender, hair black, wavy and bushy; eyes brown; wore a dark blue serge single breasted suit, black stiff hat on the back of head, showing his bushy hair in front.

The California Bankers' Association are co-operating with this association in this matter.

A party using the names of JUSTO L. SUMOBRA and PABLO DELA CRUZ succeeded in defrauding a member bank of Sausalito, Cal., as well as a merchant of that place by means of two forged checks. Our detective agents ascertained upon investigation that the criminal operating was a Filipino boy, who called at the bank and presented a check which was improperly issued, his attention being called to same by the cashier who refused to honor it. The boy returned to the bank the following day with another check, which was properly drawn, and same was cashed, the cashier believing the boy was all right, as he wore the uniform of a United States sailor and stated the check was given him by a captain aboard one of the warships in port.

This criminal is described as follows: Age 25 years, height 5 feet 4-5 inches, weight 130 pounds, hair black, eyes black; wore sailor's uniform.

The California Bankers' Association co-operated with this association in this investigation.

HARRY PHELPS, a stenographer employed by the Dairy Supply Company, of Winnipeg, Man., recently stole five blank checks from a private check book and disappeared. Two of these checks, one for \$1,600 and one for \$4,000, made payable to Harry Phelps, were cashed by a member bank in Winnipeg, the checks first having been deposited for collection in another bank and later withdrawn. From this bank, where the check was deposited for collection, Phelps obtained twenty-three \$50 bills on the Bank of Hamilton, and twenty-seven \$100 bills and one \$50 bill on the Imperial Bank. The bills are twice the size of an ordinary Canadian bill.

Phelps was married about four weeks ago and stated that he was going South for a vacation, probably to Minneapolis, Chicago or St. Louis. Harry Phelps is described as follows: Age 26, weight about 150 pounds, medium build, sallow complexion, dark curly hair and closely cropped, like a negro's; large, prominent nose; clean shaven; stenographer by occupation.

Any information relative to the whereabouts of this criminal should be telegraphed to the nearest office of our Detective Agents or to the Provincial Police of Winnipeg, Man.

One H. LEWIS recently attempted to defraud a bank member in Denver, Col., by means of a draft drawn on the Corn Exchange Bank of New York City, N. Y. This same man, under the name of R. E. Hunter, succeeded in defrauding a hotel in Denver by means of a worthless check. This man is still at large.

He is described as follows: Age 30 to 35, height 5 feet 5 inches, weight 154, blue eyes, hair black and curly, complexion dark; wears heavy nose glasses, carries Elgin hunting case watch, 20 jewels, also a heavy gold chain and locket, locket set with four white stones. When traveling carries a small black handbag. Occupation cook, restaurant and hotel man.

A warrant for this man's arrest is held by the Chief of Police at Denver, Col.

FRANK HUFFMAN, alias Frank Durand, alias Frank Durman, alias Frank De Witt, who claims to be a traveling auditor for the Westinghouse Company, recently defrauded a merchant in Denver, Col., by means of a worthless check.

This same man attempted to defraud membership banks at San Francisco, Cal., but was unsuccessful. He is at the present time at large. His description is as follows: Age 42, height 5 feet 7 or 8 inches, weight 150, build slender, complexion medium, eyes blue, hair dark and slightly gray, smooth shaven. When last seen wore a gray suit, fancy vest and green hat, bearing label "Tabor Haberdashery, Denver, Col., Mallory Make."

A warrant is held by the Chief of Police at Fort Wayne, Ind., for this criminal's arrest.

Membership banks are warned to be on the lookout for one JACK LAMAR, alias H. C. Murray, who recently defrauded a bank member, in Denver, Col., by means of a forged endorsement to a certificate of deposit.

He is described as being: Age 27, height 5 feet 10 inches, weight 150, build medium, eyes black, hair black, smooth shaven, well dressed.

R. E. SAVERY has recently passed several checks, drawn on the Pueblo Hide and Wool Company, of Pueblo, Col., which checks bore the forged endorsement of the president of the company, both the signature and body of the check being such clever forgeries as to indicate that Savery is a very clever operator.

Savery stole twelve blank checks while for a few days in the employ of this company and cashed same at the stores of local merchants. A bank member at Pueblo accepted these checks from the merchants who cashed them, but it later developed that the checks were stolen and forged.

Savery is described as about 35 years of age, 5 feet 6 or 7 inches tall, weight about 145 pounds, medium build, dark auburn hair, florid complexion, smooth shaven, blue eyes, burn scar on left cheek and of good appearance.

This department is in receipt of information to the effect that a party using the name of KIMBY REEDY is drawing bogus checks on the Spokane State Bank, of Spokane, Wash. These checks vary in amounts from \$10 to \$30.

Recently a bank member at Walden, Col., was defrauded by means of a false check negotiated by one FRANK BOWMAN, who is described as follows: Age 28, height 5 feet 10 inches, weight 165 pounds, build good, hair black and coarse, eyes black, complexion dark, smooth shaven, square shoulders, half-breed Indian, good looking, even set of good teeth, which he displays when laughing.

Warrant is held for his arrest by the Sheriff of Routt County, Steamboat Springs, Col.

Recently a bank member at Pueblo, Col., was defrauded by one SAMUEL C. CLEMENTS, who deposited a draft drawn on a bank member at Springfield, Mo.

Clements, evidently through a confederate, succeeded in having a check cashed through a bank member in Denver. The check was paid by the Pueblo Bank before they had been notified that the bank at Springfield, Mo., held no account with Samuel C. Clements.

Clements is described as follows: Age, 32-34; height, 5 feet 10 inches; weight, 195 pounds; build, stout; complexion, ruddy; eyes, blue; hair, light red and thin; smooth shaven; teeth, separated in front; dress, dark felt hat, brown suit, heavy ulster overcoat.

Recently W. E. SHELTON, alias Will Shelton, alias Ed Shelton, described as being: Age, 35; height, 6 feet; weight, 190 pounds; dark brown hair; dark brown eyes; complexion, dark; smooth shaven; both little fingers on each hand crooked and stiff; scar over left eyebrow; defrauded a bank member at Steamboat Springs, Col., by means of a fraudulent check, drawn on a bank at Douglas, Wyo.

Shelton is believed to have been at one time confined in the State Penitentiary at Deer Lodge, Mont., on a charge of forgery.

A member bank at Atlanta, Ga., lost when they cashed a check bearing a forged endorsement for a youth whose name was afterward given as WILLIE BRADLEY.

This young man is described as follows: Twenty years of age; 5 feet 10 inches in height; 150 pounds in weight; blue eyes; light hair; very fair complexion, and of genteel appearance.

His whereabouts have not been established to date.

One A. L. BLACK succeeded in defrauding a member bank at Reidsville, Ga., on September 23, 1914, by means of a check, to which he had forged the signature of one of the bank's depositors.

The following description is given of Black: About 5 feet 10 inches in height; 190 pounds in weight; dark eyes; dark hair; dark complexion. He talks fast and jumbles his words.

On Monday, November 2, 1914, one DAVID MILLER passed a forged check for \$267.50 on a member bank of Auburn, Ind. Miller is described as follows: Age, 35; height, 5 feet 6 inches; weight, 160 pounds; hair, light blond; smooth shaven. Dressed as a farmer.

A member bank at Bedford, Iowa, reports the loss of \$100 by means of a bogus check drawn on a member bank at San Diego, Cal. The operator in this

case is one CHARLES M. HAZLETON, of whom no description has been obtained as yet.

The Iowa Bankers' Association is co-operating with this association in this case.

J. W. McRAE, who at one time succeeded in defrauding a member bank at Council Bluffs, Iowa, and whom our detective agents have been endeavoring to locate for some time, was arrested in Arkansas City, Kan., in October, of this year, for passing a worthless draft on a hotel keeper at that point. He was released on bond of \$500 and did not show up for trial, having in the meantime settled with the hotel keeper whom he defrauded. This man is at large at the present time. See JOURNAL-BULLETIN, February, 1913, page 530, and July, 1914, page 43.

Secretary P. W. Hall, of the Iowa Bankers' Association, reports an extended correspondence between a bank member of Des Moines, Ia., and ADDISON L. CLARKE, relative to the deposit in the member bank of negotiable trust certificates and bonds. These bonds and certificates were on a New England Water Works Company and shares in the First National Bank of Texas and the City National Bank of Quanah, Texas, which concerns have been out of business for years. It was learned that Clarke came into possession of these stocks and bonds by the purchase of an unclaimed express package, which had been sold at auction. Member banks are warned to be on the lookout for the stocks and bonds of the above named concern, which are worthless and which might be used for the purpose of fraudulently securing loans or which might be used as worthless securities.

A member bank at Mt. Vernon, Ia., reports the forgery of three checks against a depositor's account. The forger in this case was employed by the depositor for some time and before leaving Mt. Vernon he succeeded in cashing these forged checks, which escaped discovery until the depositor's bank book was balanced.

HENRY GEYER, the forger of these checks, is described as follows: Age, 53; height, 5 feet; weight, 125 pounds; eyes, blue; hair, brown; complexion, sallow; nativity, German.

The Iowa Bankers' Association co-operated with this association in this matter.

A member bank at Tipton, Ia., was on September 9, 1914, defrauded out of \$90 by means of a forged check, made payable to one H. CLINE, and supposed to be signed by a depositor of the bank. Investigation proved that Cline was no other than Raymond Van Tassel, a former employee of the depositor. On October 29, 1914, Van Tassel was located at Des Moines, Ia., by our detective representative, where he was employed in a manufacturing plant.

The Iowa Bankers' Association co-operated with this association in this matter.

A party by the name of LESLIE M. WAYMAN has recently succeeded in defrauding member banks and others throughout the State of Kansas. Wayman persists in handing out checks which are drawn on the Bank of Louisburg, Louisburg, Kan., in which institution he carries no account. Banks at Lawrence-dale, Pleasanton, Chetopa, Sedan, Cedar Vale, Rich Hill, Mo., and at numerous other points have been

visited by Wayman and in each place his worthless paper has been taken up.

Wayman purports to be a buyer of walnut logs and stumps; carries a card which so states. His address on this card is given as Louisville, Kan. Wayman was last seen at Lebanon, Ky., but at the present time his whereabouts are unknown. Member banks should bear this operator well in mind, for his recent successes will serve only to encourage him the more in his swindling transactions. A good description of Wayman is herewith given: 28 to 30 years of age; 5 feet 9 or 10 inches in height; 180 to 200 pounds in weight; dark hair; dark eyes; medium complexion; stocky build; smooth shaven; has a broad nose and has a tendency to wear "loud" clothing. We give below a sample of Wayman's handwriting.

Louis M. Wayman

Attention is again called to the operations of JACOB D. SILVER, alias Jacob D. Silverman, alias Jacob Silver, alias Louis Stone, alias J. Wilner, whose method of operation was reported on page 310 of the November, 1914, JOURNAL-BULLETIN.

This criminal has worked in St. Louis, Mo., recently and also extensively in Louisville, Ky. In St. Louis, Mo., he opened his account with a raised check signed by a Chicago firm, drawn on a membership bank of Chicago; but in Louisville he opened his account with \$180 in cash and deposited several small checks, which were good, before he deposited the raised check, which in this instance was signed by a New York firm and drawn on a bank in New York City.

In Louisville this party used the names Louis Stone and Jacob Silver and defrauded numerous individuals, besides two membership banks. While here he was accompanied by a man using the name ORRIS LOEB, whom it was said was going to open up a millinery jobbing house, while Silver claimed he was looking for a location for a cap factory.

Stone is described as follows: 23 to 27 years old; 5 feet 3 to 5 inches tall; weight, 110 to 120 pounds; slender build; gray eyes; sandy or reddish hair; smooth shaven; slightly freckled; incessantly smokes nothing but Turkish Trophies cigarettes; walks with quick, short step and seems to lean forward some; wore dark gray pencil-striped suit, late style overcoat of dark brown, mixed with other colors, belt in back; felt telescope hat, low crown, small brim; wore loud silk shirts all the time.

Loeb is described as follows: Age, about 28; 6 feet tall; dark hair; large, prominent nose; weight, 160 pounds; slender build; dark and rough face; wears glasses.

Our detective agents are working toward the apprehension of one ARTHUR ROACH, who on October 26, 1914, defrauded the Vinton Louisiana branch of a member bank in Lake Charles, La.

Roach defrauded this bank by forging the signature of his employer, who was a depositor. He is described as being 22 years of age, 5 feet 5 or 6 inches in height, 130 pounds, slender build, sandy hair,

smoky blue eyes, fair complexion, shows upper gums when smiling, gold tooth right upper front.

Roach has two pairs of low quarter, tan, button shoes, one black and one dove colored crush hat, one blue and one black serge suit and wears at times a brown coat with stripe. His baggage consists of one wicker suit case and he poses as an ex-army man (cavalry), is a "pool shark" and associates with women of ill repute.

Two membership banks at Cumberland, Md., were defrauded by one H. W. NORWOOD, on November 10, 1914. He passed three bogus checks on these banks, for \$40, \$80 and \$192, purporting to bear the signature of F. Ernest Brackett, for whom Norwood had worked for two or three days. These checks were evidently traced from one of Mr. Brackett's old checks in pencil and then gone over in ink. Norwood is described as follows: Age, 20 years; height, 5 feet 10 inches; weight, 140 pounds; hair, dark; eyes, brown; complexion, dark. Goes by the name of "Blackie" and is supposed to live in Wilmington, N. C.

On October 8, 1914, a bank member at Flint, Mich., reported having been defrauded by cashing a check on a forged endorsement of one of the directors of the bank and a prominent citizen of Flint by a party using the name of E. F. McBRIDE, drawn on a bank member at Muncie, Ind., payable to E. F. McBride, signed J. H. Nichols.

This forger is described as being 40 or 45 years of age, 5 feet 7 inches, 145 pounds, brown hair, wearing a dark coat and light trousers and has the appearance of a well to do farmer or stockman.



DAVID H. LAWRENCE.

DAVID H. LAWRENCE defrauded a member bank at Grand Rapids, Mich., on October 14, 1914, by a bogus draft in the amount of \$100. The matter was taken up with our detective agents and it was found that Lawrence had passed several bad drafts throughout the Central and Eastern States on his friends and former schoolmates. His home is at Two Harbors, Minn.

Photograph of Lawrence appears above. He is described as follows: Age, 39 years; height, 5 feet 11 inches; weight, 180 pounds; complexion, dark

florid; eyes, dark brown; hair, black; nationality, Scotch.

On November 13, 1914, a bank member at Scottville, Mich., reported having been defrauded by a worthless check by a party named J. W. DURR, who is described as being 5 feet 6 inches, 140 pounds, dark complexion, black eyes, smooth face and a painter by trade.

CHARLES C. VAIL recently drew a draft in favor of the Home Life Insurance Company, of New York City, on a membership bank in New York, which draft was cashed at a membership bank at Gilliam, Mo., Vail endorsing the draft when cashing same. The draft was returned to Gilliam by the Home Life Insurance Company, stating that Vail had no authority to endorse drafts for them. Banks should be on their guard against Vail, whose description we have been unable to secure as yet. Sample of his handwriting appears below.

Chas C Vail

C. WOODS, alias C. Ware, alias C. West, etc., mentioned on numerous occasions in JOURNAL-BULLETINS, and last appearing on page 315, JOURNAL-BULLETIN for November, 1914, operated at St. Joseph, Mo., on October 5, 1914, at which time he secured \$200 on a worthless draft. On this occasion he used the name C. Watson. This draft was stolen from a printing house in Springfield, Mo., by a man answering the same description as that often given of the criminal in question, and his mode of operation at St. Joseph was exactly the same as before reported.

On October 20, 1914, a membership bank of St. Louis, Mo., reported to the St. Louis office of our detective agents that their bank was a loser on some checks cashed by them for one VICTOR M. GRAB, who until recently was sole owner of the Victor M. Grab & Co., distributors of novelties, located in Chicago, Ill.

Investigation by our detective agents develops that Grab has conducted his business in Chicago for several years and has been in the habit of making a trip to St. Louis every other Saturday, on which days he invariably had checks cashed by the membership bank and various individuals, all of which were drawn on a Chicago membership bank. It has also been learned that Grab's business was closed on October 31st and that all of his belongings are to be sold at a public sale. It therefore appears that Grab was fully aware of his insolvency at the time he cashed these checks, and is now a fugitive from justice.

Grab is described as follows: 45 years old; 5 feet 8 inches tall; weight, 180 pounds; stocky build; complexion dark; dark eyes and hair; smooth shaven; wore light checked suit when last seen; wears 1½ karat diamond stud, three stone diamond ring on left hand; right shoulder stooped; squints eyes; speaks fast and broken; large hook nose; nationality, French Jew.

A membership bank at St. Louis, Mo., recently reported a case in which it is suspected that one

F. ROBERTS has forged the name of a customer of the bank, thereby enabling him to draw against this customer's account. During the month of June, 1914, F. Roberts called at the bank on two different occasions with letters supposed to have been signed by Leo Steckel, the first requesting that Roberts be given three ten-dollar secretary's checks, payable to Steckel, and the second requesting that Roberts be given \$105.

The bank complied with these written requests and on July 1st received a letter from Steckel advising that he had lost his pass book and inquiring as to whether or not any one had turned it in. Investigation showed that Steckel had been boarding at Roberts' mother's home and that he suspects Roberts of having stolen his pass book. It has also been learned that Roberts' father has made good several checks which Roberts has drawn on other people's accounts at various times. The last seen of Roberts was early in September, when he left his home, advising that he was going South.

Roberts is described as follows: 20 or 21 years old; 5 feet 8 or 9 inches tall; good build; dark complexion; dark brown hair; dark eyes; smooth shaven; wore dark gray suit when last seen.

On November 10, 1914, SAMUEL HESS presented a worthless check bearing a forged certification drawn on a bank member at Chester, N. J., for \$100 to a bank member at Point Pleasant, N. J., and in some manner secured the endorsement of one of the bank's depositors to this check. The member bank at Chester advised that the certification to the check was a forgery and that the check was a worthless one. Samuel Hess is of the following description: Age, 60 years; height, 5 feet 8 inches; weight, 165 pounds; hair, gray. Wears so-called "mutton chop" whiskers.

The loss of a blank certificate of deposit, No. 113, by the First National Bank of Roselle, N. J., has been reported by the above mentioned bank to this association.

F. HOLTZ, of whom mention is made in the JOURNAL-BULLETIN of August, 1914, page 113, succeeded in defrauding a great many merchants and hotels in Portland, Ore., on forged travelers' checks bearing the name Panama-Pacific Tours. These travelers' checks bore the rubber stamp of Thomas Cook & Son, by J. A. Dewar, Agent, and were dated New York. They were in \$100, \$50 and \$20 denominations, and the names used by Holtz were H. A. Heinrick, L. E. Best, J. Breitung and A. T. Schreiner.

Holtz did not attempt to cash any of these travelers' checks at the banks, but his mode of operation was to make a purchase at a store and tender one of these checks in payment of the article, receiving a balance in cash. Holtz had three thousand of these travelers' checks printed by a lithographing firm in Chicago, and banks should be on the lookout for this paper, as Holtz will undoubtedly operate elsewhere. He is described as being of decided Jewish type, very untidy in appearance and is nearsighted.

The Oregon Bankers' Association is co-operating with this association in this investigation.

Recently a check was presented at a saloon in Brooklyn, N. Y., by a party who had forged the signa-

ture thereto of a depositor of a member bank in New York City. This check was cashed for its presenter, who endorsed it in the name of JOHN DOUGLAS. The check was later paid by the member bank. John Douglas is said to be a horse dealer from Mineola, L. I., and is described as follows: Age, 30 years; height, 5 feet 10 inches; weight, 180 pounds; complexion, light; hair, medium light; smooth shaven; build, well; appearance, neat.

A check for \$4,773.87, made payable to C. B. Holley, was mailed to the payee from New York City to Augusta, Ga., on October 6, 1914. This check was lost in transit. On October 23, 1914, it was presented by a stranger and certified at the bank in New York City upon which it was drawn. It was then deposited by the same party at a branch of the above mentioned bank and a member of this association. Our detective agents were called into this matter and a representative of their New York office located the man who had presented this check for deposit at the branch member bank. He gave his name as C. W. HOLLY. The bank officials have given this case their further attentions.

On October 28, 1914, a man giving his name as JAMES H. GORDON called at a member bank in Cleveland and deposited a check drawn on a member bank at East Liverpool, Ohio, and said that he desired to open a commercial account and withdraw a part of the deposit. The teller refused to pay him any money on account until the check was cleared.

Gordon then took the deposit check, inserted another bank member of Pittsburgh, Pa., and deposited it as a savings account, against which a check was drawn on the following day. This same criminal passed a worthless check in Detroit, Mich., drawn against the Cleveland member bank, giving the name of Frederick H. Manley.

Our detective agents who were notified, at both Detroit and Cleveland, are investigating in an effort to apprehend the criminal, who is described as follows: Age, 35; height, 5 feet 5 inches; weight, 130; complexion, sandy; mustache, heavy, sandy.

James H. Gordon has an accomplice who is described as follows: Age, 21; height, 5 feet 8 inches; weight, 125 pounds; mustache, sandy.

A specimen of Gordon's handwriting is reproduced below.

*James H. Gordon
Dollars*

On November 16, 1914, a member bank at Perry, N. Y., reported a loss by means of a forged check, drawn on their bank, payable to C. E. MURRAY. Upon investigating the matter it was found that this swindler was employed as a printer on the local Perry Newspaper and had forged the signature of his employer, Mr. Guy Comfort. This matter is being fully investigated. A description of this swindler is as follows: 38 to 40 years of age; 5 feet 8 or 9 inches in height; 140 to 150 pounds in weight; dark brown hair, sprinkled with gray; eyes are brown; yellow teeth; is a bookkeeper and printer by occupation.

On October 27, 1914, a member bank at Conneaut, Ohio, cashed a Nickel Plate Railroad Company pay check, made payable to C. R. CLARK. Later it developed that the endorsement on the check was a forgery and that someone else and not C. R. Clark cashed this check. Our detective agents are investigating this case.



JOE VOITHOFER.

On November 10, 1914, complaint was made by a member bank of Latrobe, Pa., to the Pittsburgh office of our detective agents that the signature of one of its customers was forged to a number of checks and paid by the bank. Parties who cashed the checks claim they cashed them for a young German named JOE VOITHOFER and for whom a warrant has been issued. An investigation is in progress at the present time by our detective agents with a view of causing Voithofer's arrest. A photograph and specimen of handwriting of Voithofer are shown herewith. This forger is described as follows: Age, 22 years; height, 5 feet 9 inches; weight, 150 to 160 pounds; build, slender; complexion, light; eyes, brown; hair, brown; style of beard, smooth shaven; peculiarities, none noted; nationality, German; dress, when last seen wore brown cap, light brown suit, low cut shoes, stiff lay-down collar, four-in-hand tie.

Joe R. Voithofer

A member bank at Steubenville, Ohio, cashed a check for a man giving his name as R. D. STUART, drawn on a member bank at Dennison, Ohio, which check proved to be bogus. The check was made payable to E. F. Merrett and was for \$11.40. Neither of the above mentioned names are known at the Dennison member bank.

Our detective agents were notified and are now making an investigation of this case. No description is obtainable of this operator at the present time.

R. D. Stuart.
Eleven 11⁴⁰/100

A party representing himself to be K. S. JONES, agent for the Associated Publishers' Service Company, called at a membership bank at Toledo, Ohio, on November 21, 1914, and solicited subscriptions to several financial periodicals such as the "Daily Stockholder," the "Commercial and Financial World," the "Wall Street Journal," the "New York Evening Post" and the "Manufacturers' Record," offering the discount of 35 per cent. on these subscriptions.

He asked for a check payable in advance to the Associated Publishers' Company for the amount of the subscriptions. The check was given Jones, dated forward to November 27th, with the understanding that in the meantime the bank member was to receive some satisfactory evidence from the different publishers that they had received the order and the subscription price for the periodical.

On November 24th the bank member received a telegram from a hotel at Indianapolis, Ind., stating that a stranger was asking them to cash their check, payable to the Associated Publishers' Service, and inquiring if the check was good. The bank member called the hotel's attention to the fact that the check was dated November 27th, and that payment on same had been stopped, but was advised by the hotel it now read November 21st.

It is probable that this operator will work the same scheme or attempt to do so on other bank members, who are warned to be on the lookout for him. K. S. Jones is described as follows: About 6 feet tall, light hair and wearing heavy rimmed spectacles.

Between November 16th and November 20th various member banks of Pittsburgh reported to the Pittsburgh office of our detective agents regarding the operations of a young man, who developed to be none other than JOHN BOYD, alias John Peters, alias George W. Williams, etc., mention of whom is made on page 311, November, 1914, JOURNAL-BULLETIN. The Pittsburgh office of our detective agents has found that this party is still operating in the same manner, that being of opening savings account with a bogus check for \$50 and the next day approach the paying teller of the bank to have a check cashed for \$20 or \$25, on the strength of having opened a savings account at the bank. This party operated in Pittsburgh on November 12th and 13th, and on November 18th checks began arriving in Pittsburgh which were

deposited or cashed in Cleveland, Ohio. The Cleveland office of our detective agents took up the case immediately after it was learned the party was operating in that city. In Pittsburgh and Cleveland this operator has used not less than two dozen different aliases than those shown on page 311 of the November, 1914, JOURNAL-BULLETIN. In addition to description shown of this operator it seems that when in Pittsburgh he had grown a small, reddish brown mustache. On November 9, 1914, he attempted to defraud a member bank in Philadelphia, Pa.

Bank members are warned against the acceptance of checks drawn on a Providence, R. I., bank member, made out to the order of JOHN W. HARRINGTON.

Harrington opened an account in Providence with a worthless check, and upon securing check book proceeded to draw against his account, with the result that worthless checks in number bearing the endorsements of bank members in Massachusetts and Virginia have been received at Providence for collection, and upon which payment is refused. Up to the present time no bank member has been defrauded through the operations of this party.

Harrington is described as follows: Age, 45 years; height, 5 feet 10 inches; weight, 150 pounds; build, medium; appearance, that of rural resident; peculiarities, might wear glasses.

The Sheriff of Perkins County, South Dakota, holds a warrant for the arrest of F. H. MULLIN, wanted by that county for defrauding a membership bank at Lemmon, S. D., by means of forgery. Mullin is about 33 years of age, 5 feet 10 inches in height, weighs about 160 pounds, dark brown hair and dark changeable eyes. Is carpenter by trade; wears Mason button.

Bank members at Norwich, Conn., White River Junction and Bethel, Vt., have been defrauded by CHARLES MORFIT, alias Charles Adams, alias Edward Wright, alias Harry Shaw, through the medium of forged checks drawn on a Norwich bank member and cashed by him at various points in New England. Morfit is mentioned on page 36 of the July, 1911, number of the A. B. A. JOURNAL under the name of Frank L. Chapin.

Morfit, alias Chapin, etc., is described as follows: Age, 33 years; height, 6 feet; weight, 190 pounds; complexion, sandy, ruddy; style of beard, smooth shaven; hair, light brown; peculiarities, gold teeth in upper set; dress, brown and black checkered suit, blue starched collar and shirt, such as railroad men wear; blue soft hat.

WARNING.

On page 114 of the JOURNAL-BULLETIN for August, 1914, and page 172 of the September, 1914, issue, mention is made of one T. L. PALMER, alias Camp, etc., who succeeded in obtaining money on several forged checks in the State of Washington. On page 226 of the October, 1914, issue, mention is made of one J. H. Mulligan, who also succeeded in obtaining a large amount of money on a forged check.

Our detective representatives have concluded definitely that both of these operations are the work

of the same gang, namely, the "Tommy Gaffney Gang," who has repeatedly operated throughout the Western and Southwestern States in the past few years. The leader of this gang is one Tommy Gaffney, an ex-pugilist, who is being assisted in these operations by four or five others. One of these operators was arrested recently on a local forgery charge in the State of California, and was sentenced for this crime, and also for the crime of train robbery, for a period of twenty-five years in the San Quentin Penitentiary. He has positively refused to divulge the names of his associates in these forgery matters, but several of them are known to our detective representatives. In the Journal Bulletin for October, 1912, page 257, mention is made of this gang; also October, 1912, page 318; July, 1913, page 45; August, 1913, page 103, and March, 1914, pages 619 and 620. These criminals usually obtain the signature of some traveler in the Western States, from whom they ascertain the fact that he has a bank account at some bank in his home town. They then proceed to fill out a draft for an amount slightly less than the deposit of this party and obtain information as to whether his check would be good or not, through inquiry from some fictitious real estate concern. The checks usually are in amounts from three to eight hundred dollars. The last operation reported by this gang was against a depositor of a member bank at Charles City, Iowa, in which case the operator cashing the check used the names of A. C. Hill and R. A. Magruder.

GENERAL.

A forger employing the name of E. F. ALLEN, alias W. S. WARD, alias E. W. WARD, has succeeded in defrauding several merchants in Corydon, Ia., and Allerton, Ia., within the past month. He appears in town on Saturday evening and makes a small purchase at each of the stores, in each case tendering a bogus check in payment of same. The check is always in excess of the amount of the purchase, and he usually succeeds in receiving the balance in cash.

Bank members are warned to be on the lookout for one, WALTER C. BENNETT, who recently attempted to defraud a non-member bank at Winnipeg, Manitoba, by means of a check drawn on the Hamilton National Bank of Denver, Col.

Bank members are warned to be on the lookout for EARL COOPER, alias D. U. Ward, alias Eastman.

This man recently defrauded several merchants in Denver, Colo., by means of worthless checks. His mode of operation is to enter a town under the pretext that he is an automobile man, opens up an office, secures the good will of several merchants in town, and on a Saturday afternoon, after the banks have closed he goes from one to another of the merchants and cashes worthless checks.

He represents himself as Earl Cooper, the automobile racer. He is described as follows: Age, 30 to 35 years; height, 5 feet 5 to 7 inches; weight, 130 to 135 pounds; medium build; good complexion; light sandy hair; smooth shaven; face faintly pock-marked. When last seen he wore one of the latest style soft

blue hats, chamois gloves, blue serge suit, tan shoes, open collar, red-green knit Balmacaan overcoat. When walking or standing his toes point out. Has large feet. Is very nervous. Looks dissipated.

The Chief of Police at Denver, Colo., holds a warrant for this man's arrest.



J. H. BARTON.

On November 17th, J. H. BARTON, whose photograph we reproduce above, entered a printing house in Kansas City, Mo., and ordered two hundred blank checks drawn on the First National Bank of Gainesville, Wisconsin, purporting to be for the Oswego Mills Supply Company. On account of the man acting very nervously, the proprietor of the printing house notified our Kansas City Detective Representative, who on ascertaining that no such bank as the First National Bank of Gainesville, Wis., was in existence, caused the arrest of Barton, with the assistance of the police of Kansas City. It was later ascertained that Barton had also ordered and received two hundred blank checks drawn on a membership bank at Waterloo, Iowa, purporting to be for the Anderson-Mitchell Lumber Company. These checks Barton said he had mailed out of town, but would not state to what point. Barton is described as being about 55 years of age, 5 feet 8 inches tall, 160 pounds in weight, smooth complexion, dark brown hair, turning gray, smooth shaven, wears nose glasses. His right leg is slightly shorter than his left and causes a limp in his walk. Bertillon measurements: Ht., 68.5; O. A., 85.0; Tr., 90.6; H. L., 19.1; H. W., 15.0; C. W., 145; R. E. L., 6.3; L. F., 26.4; L. M. F., 11.9; L. L. F., 9.0; L. Fo. A., 48.4. Barton claims to have just come in from Joplin, Mo., and previous to that to have been in Little Rock, Ark., and Fort Scott, Kan. He has since been identified as Benjamin F. Carlton, alias H. C. Schooler, parole violator from Menard Illinois Penitentiary, where he served time for passing fraudulent checks. He will be returned to Menard. A sample of his handwriting is herewith shown.

The Oswego Mills Supply Co.

A man using the names F. C. CORBIN and F. Carson recently passed several worthless checks in

Kansas City, Mo., drawn on a non-membership bank at Altamont, Kansas. Corbin, alias Carson, is described as being about 45 years old; weight, 170 or 180 pounds; height, 5 feet 7 inches; build, heavy; smooth shaven, and has the appearance of a prosperous stock man. Sample of this swindler's handwriting appears below.

J.C. Corbin

J.B. Corbin

Member banks are warned to be on the lookout for a party named R. B. CULLUM who recently passed a forged check in Pikeville, Ky., purporting to be issued by The Graves-Manning Manufacturing Company, D. C. Graves, Treasurer, and to which check the signature of D. C. Graves was forged. The check in question was drawn on a Newark, O., bank. R. B. Cullum is described as follows: About 40 years old; smooth shaven; red complexion; black hair; heavy build; weight, about 185 pounds. When last seen wore derby hat, blue serge suit, with brown check and tan slippers.

A non-member bank at West Liberty, Ia., reports a forgery of \$45, by which the bank lost this amount. This is another case where a farm hand forged his employer's signature. However, the criminal in this case, VON TOUCKE CYRELLE, alias Jack Smith, had in his possession a genuine check for \$45, made payable to himself by his former employer, and when a question was raised regarding the genuineness of the check, a telephone call from the bank to the depositor caused him to tell the bank that he had issued a check for \$45. Getting the forged check cashed at the bank, the operator proceeded to get the genuine check cashed at a local store.

C. L. DORON, alias H. Henderson, recently passed forged checks on customers of a bank, member, at Kremmling, Colo.

Doron is also accused of having passed numerous checks at different points along the western coast. He is described as being 50 years of age; height, 5 feet 8 inches; weight, 200 pounds; hair, dark; slightly bald; eyes, believed to be blue; neat dresser; sporty and very talkative.

A negro named LEROY EDWARDS, alias James Edmonds, was recently arrested in Liberty, Mo., for passing worthless checks in that city, two or three business houses having lost through his operations. He has been bound over to the Circuit Court, which will convene in the near future.

TYLER EDWARDS, whose home is supposed to be near Albany, Mo., was recently arrested at that point on a charge of forgery by the local authorities. Edwards was employed by a farmer living near there, and after leaving the farmer's employ, cashed a check at a non-membership bank in the sum of \$185,

having forged his employer's name to same. Edwards is described as being about 22 years of age; height, 5 feet 9 inches; weight, 140 or 150 pounds; build, slender; hair, dark; complexion, dark; eyes, dark. Sample of this man's handwriting appears below. Our last information was that Edwards was awaiting trial at Albany.

Norman Brooks.

JACK ENGLAND, alias Clyde Pansey, whose home is in Oldfield, Mo., and who is about 22 years of age, was recently arrested in Springfield, Mo., for attempting to cash a forged check in the sum of \$285 at a non-member bank at Willard, Mo., the arrest being made by the police at Springfield. England was employed by a farmer near Willard, and it was his name that was forged to the check. The last information we have regarding this man is that he is awaiting trial in Springfield. Sample of England, alias Pansey's handwriting appears below.

Clyde Pansey

A party named JACK FISHER recently operated at Dillon, Mont., where he cashed two checks on local merchants.

Fisher is described as being: Age, 36; height, 5 feet 6 inches; weight, 170 pounds; build, stout; very dark complexioned; hair, black; eyes, dark; smooth shaven; full round face. Was born in Germany, speaks German fluently.

Fisher usually secures employment on a ranch and negotiates checks on the man he has been employed by.

On November 4, 1914, one DAVID N. GOLDSMITH was arrested in St. Louis, Mo., by a representative of our detective agents, assisted by city officers. Goldsmith confessed to having forged six checks of different amounts on five saloon keepers and one hotel in St. Louis, most of which were drawn on a membership bank of St. Louis. After this arrest his father made good the various worthless checks passed by young Goldsmith, and in this way secured his release. It has also been learned that Goldsmith was arrested in July of this year while working as a bartender in New Orleans, La., but at this time it is not known on what charge this arrest was made.

Goldsmith is described as follows: 26 years old; 5 feet 10 inches tall; weighs 180 pounds; stocky build; brown hair; blue eyes; florid complexion; has peculiar twitch to mouth, resembling a smile; "D. G." tattooed on left forearm; occupation, painter.

A man using the name of GEORGE GRAHAM recently gave a check to a hospital at Hackensack, N. J., which was later found to be a bogus one. It has been learned that this operator had also suc-

ceeded in swindling numerous individuals and others by the same means of passing bogus checks. He has not defrauded any member banks to date. He is described as follows: Height, 5 feet 8½ inches; weight, 125 to 130 pounds; thin face; light brown mustache; wears nose glasses; has two front teeth missing from upper jaw.

A person employing the name of C. V. GRIFFIN, alias Carl Veitz, and who represented himself as being connected with the Thompson Malted Food Company, of Waukesha, Wis., succeeded in defrauding a goodly number of doctors and druggists, and while the endorsement is not forged, it is unauthorized, and it is claimed by the Thompson Malted Food Company that Griffin was not in their employ at the time of passing these worthless checks and had no authority to endorse checks with their name. It appears that he recently appeared in Cleveland, Sandusky, and other Ohio towns, where he worked the same game.

He is described as being about 35 years of age; height, about 6 feet; weight, about 190 pounds; build, athletic; hair, dark brown, wavy; eyes, brown; smooth shaven.

Member banks should be particularly on the lookout for this worthless check operator.

Two certificates of deposit, payable to J. M. Harrington, of Luray, Kan., were recently stolen from Mr. Harrington's room. One certificate is numbered 1671, in the sum of \$983.64, dated July 16, 1914, payable to J. M. Harrington, and the other, No. 3056, in the sum of \$500, payable to J. M. Harrington, dated September 24, 1914.

A man using the name JOHN F. HENRY recently operated at Tribune, Kan., at which place he swindled a business man by falsely representing himself as being connected with the Modes Manufacturing Company, of New York City, N. Y. The only description we have of Henry is that he is a large man, weighing from 180 to 200 pounds. Wore a derby hat and dark clothes.

On November 4, 1914, a man using the names RAYMOND C. HODGE and Robert C. Hodge, called at a membership and a non-membership bank at Madison, Ill., and left at each a draft for \$1,450 for collection, one of which was drawn on a Kansas City, Mo., bank and the other on a bank at Erie, Pa. When departing Hodge took with him several blank counter checks of the two Madison banks, some of which he succeeded in getting cashed by merchants. This party claimed he was going into the drug business in Madison and rented a vacant store which he had two men cleaning and preparing for occupancy. When it was learned that the drafts were worthless, a search was made for Hodge, but he disappeared before being arrested. Although he used both Raymond C. and Robert C. Hodge as names, the checks he got cashed while in Madison were signed Roy C. Hodge, Jr.

This man is described as being 35 years old; 6 feet tall; weight, 160 pounds; built slender; ruddy

complexion; dark eyes; black hair; smooth shaven; wore dark suit and new purple English hat; prominent nose; lisps when talking; face pock marked.

MILTON HOWRY, a salesman, age 40, wanted at Boise, Idaho, on a charge of negotiating a worthless draft for \$100, was arrested at Los Angeles, Cal., on November 3, 1914, by detectives connected with the Los Angeles Police Department and incarcerated in the police jail in that city pending his return to the scene of his crime for trial.

A membership bank at Holtville, Cal., reported to our detective agents at Los Angeles, Cal., that an individual using the name of H. J. HURD is touring the country defrauding merchants and storekeepers through means of worthless customers' drafts. The last heard of this individual was from Stockton, Cal., where he defrauded a merchant in that town.

This man is also known to have operated in St. Louis, Mo., and through Oklahoma. So far no banks have been defrauded by this individual; however, it would be well for members to bear him in mind. H. J. Hurd is described as follows: Height, about 6 feet; will probably weigh 190 to 200 pounds; smooth shaven; good appearance; medium complexion. He exhibits correspondence for identification; was carrying a card with his signature in a leather case. He is of rather pleasing address with the appearance of a traveling salesman.

Below is a specimen of this criminal's handwriting and signature.



Bank members are warned to be on the lookout for one C. A. HYDE, alias G. A. Barnett, who recently defrauded a merchant in Denver, Colo., by means of a bogus check.

This criminal's mode of operation is to make a small purchase, present a check to the amount of \$35 in payment of the purchase, and receive the balance in cash. He uses a lithographed check from the Producers Exchange Bank, Ringling, Okla., drawn on the Corn Exchange Bank at Kansas City, Mo.

The said checks have a protectograph stamp on them. Both of these bank names are fictitious, and the checks are absolutely worthless. A sample of his writing is shown below.



On October 27, 1914, a man giving the name of J. C. JOHNSON called on an optician in New York City and ordered a pair of glasses. As a deposit for same, he presented a check on a New York member bank which was later proven to be worthless. Johnson did not return for the glasses he had ordered. He is described as follows: Age, 60 to 65 years; height, 5

feet 4 inches; weight, 175 pounds; hair, gray; eyes, blue or gray; complexion, light; smooth shaven; has full, round face and wore a swastica scarf pin.



ANDREW S. JACQUES.

On November 9, 1914, one ANDREW S. JACQUES called at a membership bank in St. Louis, Mo., and presented a draft for \$150 drawn on a bank at El Paso, Tex., inquiring as to whether or not he could draw against same, claiming that he was buying furniture, as he expected to be married soon. The bank accepted the draft for collection only, and it was later returned protested. Jacques also drew against a firm in New York, whom he claimed to represent, but the bank was advised by them that he had no authority to draw. Jacques defrauded his landlady to the amount of something over two hundred dollars, and when leaving her house didn't say whether or not he would be back, although he left nearly all of his personal belongings in his room.

Jacques is described as follows: 35 to 36 years old; 5 feet 11 inches tall; weight, 160 pounds; rather slender; medium complexion; gray eyes; dark brown hair; very good looking.

Bank members are warned to be on the lookout for one WILLIAM JONES, colored, who recently defrauded several merchants in Denver, Colo., by means of forged checks.

This criminal's mode of operation is to enter a store, make a 25 cent or 30 cent purchase, offer a \$4 check in payment and secure the balance in cash.

He is described as follows: Age, 28 years; height, 6 feet; weight, 180 pounds; well built; complexion very dark; dark eyes; hair, black and kinky; smooth shaven.

This man is still at large.

J. L. KROHN, alias J. L. Kahn, alias J. L. Kuhn, alias J. L. Cohen, alias J. L. Stein, alias Joe C. Gans, alias J. F. Gans, alias Joe Cohen, alias J. L. Winter, alias James Wiseman, alias C. A. Phillips, who was

arrested on August 20th at Grenada, Miss., was, at the October term of court, sentenced to a term of two years in the Missouri Penitentiary at Jefferson City, Mo.

An article concerning this criminal's operation appeared on page 45 of the July, 1914, JOURNAL-BULLETIN, and his arrest was reported on page 231 of the October, 1914, JOURNAL-BULLETIN.

HENRY KUHN is the name used by a swindler who operated in Salina, Kan., recently, where he gave a forged check in the sum of \$10 to a mercantile house and received \$9.50 in change and a suit of underwear for his check. The only description secured of this man is that he is about 35 years of age and appears to be a laboring man. Sample of his handwriting appears below.

Harry Kuhn.

On November 19, 1914, REVEREND WILLIAM L. LANE, colored preacher, and bogus check operator and fake solicitor, was arrested at Auburn, N. Y., upon information of our detective agents for the Cartage, N. Y., authorities.

This Lane, a few years ago, was employed by the Rev. A. M. Barrett, President of the Barrett Collegiate and Industrial Institute of Pee Dee, N. C. (colored school), to collect funds for that institution, and as his collections were not returned, he was discharged and requested to return all papers. Since that time, he has been going about the country, passing worthless checks and securing subscriptions.

It is supposed that his operations have been very extensive, as we are advised by the Williamsport, Pa., police authorities that they have received scores of complaints from points in New Jersey, Pennsylvania, Massachusetts and New York.

Within the past two weeks this swindler has been in Pittsfield, Mass., and New York City. He also recently defrauded Mr. A. R. Wing, of Fort Edwards, N. Y.

His home is given as Williamsport, Pa., and he is described as follows: Age, 47 years; height, 5 feet 9 inches; weight, 185 pounds; complexion, very black; hair, black; eyes, black, prominent, wears glasses; smooth shaven.

Any member victimized by this swindler should swear out a warrant and forward same to Auburn, N. Y., authorities.

One P. J. MARTELL, claiming to represent an optician of Omaha, Neb., recently defrauded a non-member bank at Dow City, Iowa, by means of a raised check. He had received the check from one of the bank's depositors in payment for a pair of glasses. When he appeared at the bank, the cashier doubted the genuineness of the check, and calling the depositor by 'phone failed to receive any reply. A few minutes later the depositor passed down the street, and upon inquiry as to whether she had given the young man a check, stated that she had. The amount

of the check was not mentioned, wherefore the bank cashed the same for Martell.

Martell is described as follows: Age, 25 years; height, 5 feet 6 or 7 inches; weight, 155 pounds; light hair; and blue eyes.



B. M. (MACK) CRAIG.

We produce above the photograph of B. M. (Mack) Craig, who is wanted for grand larceny and other charges. He is described as follows: Age, about 32 years; height, 5 feet 8 inches; weight, about 150 pounds; blue eyes; dark brown hair; dimple in chin; vaccination scar on left arm; scar on wrist, caused by burn; left ankle much the largest; scar on leg below knee size of half dollar; wears \$10 gold piece made in 1882 as watch charm, and \$1 gold piece as scarf pin; plain gold cuff buttons engraved C. M. C. When last seen wore diamond set rather high in plain square setting. Usually deals in cattle, but may be found doing anything.

Sheriff J. K. Hutchinson, Nashville, Ark., offers a reward of \$25 for the apprehension of this man.

We published an article in the JOURNAL-BULLETIN in May, 1913, page 764, relative to this man.

A. C. MANN recently swindled some business houses in Scott City, Kan., by means of worthless checks. He is described as being about 25 years of age; 5 feet 11 inches tall; slender build; weighs about 150 pounds; sallow complexion; brown hair; sickly appearance; has bad teeth. This man is supposed to have gone to Colorado, and banks there should be on their guard against him.

CHARLES McNEISE, who is about 33 years of age; height, 5 feet 6 inches; weight, 165 pounds; build, slender; complexion, light; hair, light brown; occu-

pation, farmer and mechanic, recently forged the name of a depositor of a membership bank at Garden City, Kan., to several small checks which he passed at stores there. A warrant for this man's arrest is in the hands of Charles Kite at that place, and any information secured regarding this forger should be given to Mr. Kite immediately. Sample of this man's handwriting appears below.

Charles McNeise

J. MACK MARVIN, at one time employed in a lunch counter in Kansas City, Mo., recently passed several worthless checks in different stores in that city, drawn on a membership bank there. Marvin is described as being about 30 or 35 years old; 5 feet 10 inches tall; weight, 175 pounds; smooth shaven; hair, blonde; complexion, fair; eyes, blue or gray; wearing a Shriner's emblem on lapel of coat. The lunch counter proprietor who employed Marvin stated that Marvin was qualified for higher class work than that which he was doing in the restaurant and merely worked there until he could secure better employment. Marvin claimed that he had been in the employ of different newspapers, but never stated in what department. Sample of this man's handwriting appears below.

J. Mack Marvin

On September 20, 1914, RICHARD MAXWELL cashed a check at a non-member bank at Victor, Iowa; this check bearing the alleged signature of a local contractor. Maxwell is described as follows: Age, 45 years; height, 5 feet 7 inches; weight, 150 pounds; is a "boozier" and gambler, and usually smokes a pipe.

J. A. MARTIN, described as being about 30 years of age; 5 feet 8 inches tall; weight, 135 pounds; light hair; large brown eyes; hook nose; is a cigarette fiend; was recently employed on a large farm near Lee's Summit, Mo. While about the office of the farm he managed to secure some blank checks, and, being familiar with the manner in which same were made out, he forged the manager's name to several, which he passed at stores in Lee's Summit and Kansas City, Mo., these checks being drawn on a membership bank at Lee's Summit, Mo. Tracing of this man's handwriting appears below.

J. A. Martin.

A party using the name of J. TOWNSEND MILLER has succeeded recently in defrauding numerous individuals and hotels in Newark, N. J., and New

York City by means of bogus checks. Miller has claimed to be an interne in the Presbyterian Hospital in New York, but this statement was later proven to be false. He is of the following description: Height, 5 feet 11 inches; weight, 170 pounds; hair, black; eyes, black; complexion, dark; smooth shaven; appearance, good looking. We reproduce below a specimen of this operator's handwriting.

J. Townsend Miller

A mercantile house in Liberal, Kan., recently suffered through the operations of a forger named JOE MILLER, described as being about 27 years old; about 5 feet 9 inches tall; weight, 140 pounds; dark complexion; slightly lame in the left foot, the toes being cut off of same; having prominent front teeth. Miller received a bona fide check from a depositor of the bank and later forged his name to another check in the same amount. Miller at one time traveled with Howe's Greatest Shows and may be with them again. This show is somewhere in the South and members should be on their guard against the operations of this forger. Sample of his handwriting appears below.

Joe Miller

Forged drafts have recently appeared in various parts of the State of Oklahoma, and it is very evident that the same are being circulated by members of the Deggs Nolan gang. These draft forms were stolen from an Oklahoma City, Oklahoma, printing house in 1912. The following blank drafts were stolen at this time: First State, Bokchito, Oklahoma, on Guarantee State, Durant, Okla.; Greenfield State, Greenfield, Okla., on Citizens National Bank of Commerce, Kansas City; Citizens State, Canute, Okla., on Central National, St. Louis; Citizens State, Calvin, on American National, McAlester, Okla.; Bank of Foss, Foss, Okla., on Farmers & Merchants National, Fort Worth, Tex.; Bank of Haileyville, Haileyville, Okla., on Traders National, Kansas City; Home State, Hobart, Okla., on New England National, Kansas City; Western National, Oklahoma City, name of bank drawn upon not filled in; Sulzberger & Sons Co., Oklahoma City, checks on Stockyards National, Oklahoma City. Banks should be on their guard against the operations of this gang of swindlers.

Membership banks are warned against checks signed HARRY PALAKOFF, who has recently drawn numerous checks on a St. Louis bank member, with whom he has no account. So far his operations have been against private individuals and no bank has been defrauded.

A man using the name PAUL PRESTON, alias S. C. Collins, who is described as being about 28 years

of age; 5 feet 10 inches tall; weight, 160 pounds; build slender; dark complexion; dark hair; recently operated at McAlester, Okla., where he forged the name of several business people there to checks which he passed at business houses. Sheriff Tatum at McAlester is very anxious to apprehend Preston, and any information secured should be communicated to Sheriff Tatum immediately. We are giving below a reproduction of Preston's signature.

Paul Preston

On September 26, 1914, WILLIAM O. RIDDELL was arrested in Denver, Colo., for passing forged checks upon local merchants.

This criminal also served time in the State prison at San Quentin, Cal., where it is said he broke his parole.

CHARLES H. SMITH, alias J. D. Smith, was arrested by the Portland Detective Department, with the assistance of our detective agents, on October 24, 1914, after attempting to defraud merchants in Portland, Ore., by means of worthless checks drawn on a bank member in Helena, Mont.

Smith is described as being 40 years of age; height, 6 feet; weight, 175 pounds; eyes, gray—deep set; hair, brown; mustache, heavy and medium brown; walks with shuffling step; good talker.

This forger came direct from Somerville, Mass., where he had been an implement dealer. He confessed to having served a term in the Massachusetts State Penitentiary for forgery committed at Boston some three years ago. He plead guilty to petty larceny, and is now serving a 90-day sentence on the rock pile in Portland, Ore.

On November 7, 1914, Mr. W. T. Tate, General Secretary National Labor Press Association, Ithaca, N. Y., reported to this department that one F. G. SPARKS, former employee, had forged his name to checks, totaling \$70, drawing forged checks on Mr. Tate's account in a membership bank of Lockport, N. Y.

The latest reports of this forger are from Dayton, Ohio, where he passed a check for \$16.20 on R. M. Beene, of Indianapolis, Ind.

F. G. Sparks is described as follows: Height, 5 feet 5 inches; build, thin; face, thin; hair, iron gray; eyes, piercing brown, almost black.

Membership banks are warned to be on the lookout for this criminal.

LUKE E. STEELE, a high school student of Abilene, Kan., was recently arrested at Manhattan, Kan., for passing forged checks at different stores of that city. Steele is at the present time awaiting trial at Manhattan.

HARRY C. TENNYSON recently defrauded several merchants in Denver, Colo., by means of forged checks, forging the name of Elmer H. Peterson, a local coal and feed man.

This criminal's mode of operation is to purchase one or two dollars' worth of goods, then offer a check for payment, securing the balance in cash.

A warrant for this criminal's arrest is held by the Chief of Police at Denver, Colo.

One RICHARD WAINWRIGHT, JR., alias Montgomery Milne, has been operating in Des Moines, Iowa, Chicago, New York City, and Brooklyn with forged certified checks on a member bank at Boone, Iowa, and one at Alliance, Ohio. Milne usually gets his checks cashed by hotels or merchants, impersonating a naval officer, usually using the name of some well-known man in naval circles. So far, no member bank has been defrauded, but these checks, made payable to Richard Wainwright, Jr., and usually signed Richard Wainwright, Sr., should be carefully guarded against, as he seems to persist in his operations, and without due precaution, a member bank will undoubtedly be defrauded in due time.

A boy named JOHN E. WALTERS recently swindled mercantile houses in Topeka, Kan., by means of worthless checks drawn on a non-member bank at that point. Walters is described as being from 16 to 19 years of age; height, 5 feet 7 inches; weight, 130 pounds; complexion, dark; hair, dark; eyes, dark.

E. H. WELLHAUSEN, described as being about 35 years of age; 5 feet 6 inches tall; weight, 140 pounds; complexion, medium; eyes, blue or gray; hair, brown; well but roughly dressed, recently called at a membership bank in Kansas City, Mo., and asked if any money had been cabled from Germany to be placed to the credit of Wellhausen in the bank. He was advised that no money had been cabled for him and shortly after that a man using the name Frank Kuff entered the bank with a check in the sum of \$30 which he said he had cashed for Wellhausen. Wellhausen also connected with the German Consul in Kansas City and stated that he was expecting money from the "Old Country," but did not produce any checks or endeavor to secure any money there.

S. A. WIGGINS, JR., who was reported through the columns of the JOURNAL-BULLETIN for September, 1912, page 184; April, 1913, page 684, was released on parole from the Joliet Penitentiary in May, 1914. He secured employment with the Franklin Motor Company, of Chicago, as cashier. Bond was supposed to be furnished for this position, but Wiggins's apparent desire to comply with this caused the officials of the company to postpone the matter indefinitely. In September, 1914, Wiggins opened accounts with two member banks of Chicago, in one case using the name of J. A. Hickman and in the other using his own name. He then proceeded to deposit the company's funds to his own credit in these accounts, and the discovery was made through an employee of one of the banks where he had been depositing, who

happened to recall the name as being that of a forger convicted some two years previous.

On October 12, 1914, this criminal was arrested and is now being held for trial in bonds of Eleven Thousand Dollars on a charge of embezzlement.

ARRESTED.



CHARLES COX.

Reproduced above is the photograph of one CHARLES COX, alias F. W. Harrington, alias C. C. Jackson, who was arrested by the police authorities of Pittsburgh, Pa., on September 23, 1914.

This operator succeeded in passing bogus checks on member banks in the cities of Bellhaven, N. C., Toledo, Ohio, and Cleveland, Ohio. The disposition of his case will be given later. He is described as follows: 40 years of age; 5 feet 8 inches in height; 155 pounds in weight; slender build; dark red hair; blue eyes; mixed complexion; carpenter by occupation. His face and neck are marked from an eruption, and his right eye is turned outward. He was born in the United States.

Bertillon measurements: Ht., 73.0; O. A., 78.0; Tr., 90.2; H. L., 19.2; H. W., 15.5; R. E. L., 5.9; L. F., 26.9; L. L. F., 8.4; F. A., 46.9; M. F., 11.7.

We reproduce below a specimen of this operator's handwriting.

F. W. Harrington

With \$400 cash a man using the name EDWARD BACH opened an account in a New York City non-member bank and later deposited a check for \$1,350, drawn to the order of Edward Bach and signed Isador Simon. The check was paid by the New York City member bank upon which it had been drawn, and the fact that Simon's signature had been forged came to light a week later, when Simon received an account of his balance. Bach had in the meantime withdrawn his \$400 cash and also \$25 of the \$1,350, but, becoming suspicious one day when he attempted to withdraw \$400 more, he walked out of the bank instead of waiting for the money.

This operator, whose name is JACOB ABRAMS, was arrested on November 17, 1914, in New York

City and is awaiting trial. A specimen of his handwriting is reproduced below and he is of the following description: Nationality, Hebrew; age, 28 to 32 years; height, 5 feet 8 inches; weight, 140 pounds; complexion, very dark; hair, very dark; eyes dark.

In opening the account Abrams gave the correct address and references of the man Bach, whose name he assumed.

Si dor Tiv on

LAWRENCE COMERFORD was arrested by the Los Angeles office of our Detective Agents at San Pedro, Cal., on October 31st and returned to Kansas City, Mo., for prosecution, where he is at the present time, awaiting trial. Comerford recently succeeded in defrauding a member bank at Kansas City, Mo., by means of a bogus check. See JOURNAL-BULLETIN, November, 1914, page 313.

A. H. CONN, who on August 27, 1914, stole \$3,000 from a member bank at Hazlehurst, Miss., and who was on September 24, 1914, arrested by our Detective Agents, later jumping his bond, was recently arrested and his case again presented before the courts. The disposition of same is published elsewhere in this issue. See JOURNAL-BULLETIN, January, 1914, page 525.

A. B. GILSON, who defrauded a bank member in Portland, Ore., was arrested by the Detective Bureau of the Portland Police Department on October 14, 1914.

Gilson is described as being 40 years of age; height, 5 feet 8 inches; weight, 140 pounds; build, medium; complexion, florid; hair, dark; eyes, dark; occupation, nurse; peculiarities, stoop-shouldered.

Gilson was indicted on this charge, and is now awaiting trial.

The Oregon Bankers' Association is co-operating with this Association in this investigation.

On November 6, 1914, WALTER HANDWERK, alias Walter Handworth, alias Dick Brown, alias Richard Miller, alias Andrew Warren, was arrested at Long Island City by the local authorities on information furnished through an informant of our detective agents. Handwerk had succeeded in defrauding a member bank at Corona, L. I., by means of a forged check.

On November 17, 1914, LOUIS KONVALINKA was arrested by our detective agents, assisted by the New York police, on a charge of cashing a forged check for \$499.98 at a member bank in Brooklyn, N. Y. Konvalinka is a commission lumber salesman and sold a bill of lumber for a Brooklyn firm. The party to whom the lumber was sold gave him a check payable to the firm from whom the lumber was purchased. To this check he forged the endorsement of the payee and cashed same at the member bank. To the true payee of the check, he gave two notes bearing the forged signature of the party from whom he

received the check. Konvalinka is described as follows: Age, 62 years; height, 5 feet 5 inches; weight, 210 pounds; eyes, gray; hair, medium; mustache, brown and gray; large hooked nose.

JOHN B. LARSON, alias John A. Lavin, alias G. Ohman, charged with having forged a check for \$607.39, through which a member bank at Juneau, Alaska, was defrauded, was arrested on October 27, 1914, at Seattle, Wash. He confessed to having forged the above mentioned check and announced his willingness to return without extradition papers to the scene of the crimes committed. He is described as follows: 24 years of age; 5 feet 9 inches in height; 177 pounds in weight; medium heavy build; dark complexion; dark chestnut hair; waiter and bartender by occupation. He is of American birth.

EDWARD R. LESSAR, who is shown in the A. B. A. JOURNAL columns for August, 1914, page 114, was arrested at Ladysmith, Wis., on November 12, 1914, by Carl Hoffman, private detective at Oakfield, Wis. He was returned to Oakfield, where he is awaiting trial. Lessar succeeded recently in defrauding a member bank at Oakfield, Wis., by means of forged checks.

ROBERT LONG, who was indicted in Cape May County for obtaining money under false pretenses in connection with forgeries alleged to have been perpetrated by his wife, Violet Long (already arrested), on a member bank in Wildwood, N. J., was arrested by the Chief of Police of Wildwood, at Port Norris, N. J., on November 14, 1914, and locked up in Cape May Court House Jail.

Our detective agents traced Long to Norfolk, Va., and finally located him on the Receiving Ship "Franklin" at the Navy Yard. He enlisted as a coal passer under the name of Floyd Harris. Pending arrangements which were being made for extradition and delivery of Long to the civil authorities, he deserted.

On October 17, 1914, three armed bandits entered a member bank at Sedro-Woolley, Wash., held up the cashier and robbed the bank of \$11,649.45. Leaving the bank, they were joined by two more men who had been on guard on the outside of the bank, and after exchanging several shots with citizens who had gathered in the vicinity, the robbers made their escape.

The alarm was promptly given by the bank cashier, and several posses, composed of officers and citizens, were organized to pursue the bandits. Our detective agents were promptly notified and immediately sent representatives to join the posse.

The posses had several encounters with members of the gang at different points, during which four of the bandits were killed and several thousand dollars recovered. Several members of the posse and bystanders were wounded and killed during these encounters.

On November 10, 1914, the fifth member of the gang was arrested at Seattle, Wash., by the sheriff, assisted by our detective agents, and gave the name of HAIG KAZANSIAS. The dead bandits were named KEZD BEGRIFF, JAMBABOT KADIEFF,

GAMBO MIZOROFF and ESLAN JIZELOFF, all Russians, and members of a criminal gang of the same nationality who have terrorized the northwest for some time past.

On November 12th ED. McDANIELS, alias G. W. Bradley, alias W. R. Shaw, etc., was arrested by our Kansas City detective agents, assisted by Sheriff Cummings, at Lawrence, Kan.

McDaniels was found in Lawrence, living with a woman who has accompanied him on many of his swindling trips. This man, under the name G. W. Bradley, swindled a membership bank at Buckner, Mo., in March, 1913, by means of a forged note, and has since operated all over Kansas and Missouri, being wanted at many points.

On account of it being a little uncertain that this man could be convicted at Buckner, he will be tried at Lawrence, Kan., for swindling operations there, to which he says he will plead guilty. We expect to connect this man with several other bank swindles in the near future, and will report further upon him.

See JOURNAL-BULLETIN for March, 1913, page 675.

D. H. MCKAY, using the names of H. G. Corbaley, D. H. Langan and F. D. Meyers, who defrauded a member bank, and also two merchants of San Francisco by means of forged checks, two of which were those of the National Laundry Company, was arrested in Sacramento, Cal., November 11, 1914, by the local police department on information furnished by our detective agents.

McKay was employed as a laundry worker and was traced from San Francisco to his home in Palo Alto, Cal., and from there to Sacramento, Cal. From Sacramento he went to Stockton, later returning to Sacramento.

McKay is now confined in the San Francisco city jail awaiting trial. It is also reported that McKay is wanted in Oakland, Cal., for cashing a number of forged and worthless checks in that city.

He is described as follows: Age, 28 years; height, 5 feet 10 inches; weight, 160 pounds; build, slender; smooth shaven; eyes, blue; complexion, fair; hair, sandy.

The California Bankers' Association co-operated with this Association in this investigation.

FRANK MILTON was arrested in Kansas City, Mo., at the instance of our detective agents on November 10, 1914, Milton being wanted at Luray, Kan., for swindling a membership bank by means of a raised check. See JOURNAL-BULLETIN, October, 1914, page 227.

E. J. PARENT, alias H. W. Williams, alias George C. Blackwell, alias R. P. Solder, wanted by this Association for attempting to defraud two membership banks at Buffalo, N. Y., during September, 1914, by means of forged checks, was arrested by the local police of Buffalo on a charge of fraudulent solicitation of magazine subscriptions and identified by our detective agents as the party wanted for at-

tempting to defraud membership banks as stated in the foregoing.

On October 20, 1914, a representative of the New York office of our detective agents, assisted by the local police, placed under arrest one WILLIAM PEISKER, who had a few days before attempted to defraud a New York member bank when he presented at the teller's window a pass-book of one of the bank's depositors which he had stolen and on which he requested to be given \$170.

He satisfactorily answered all the questions put to him and then signed the depositor's name to a draft which the teller handed him. The teller openly remarked that there was a dissimilarity of this signature and the depositor's true signature, when Peisker suddenly remarked that he would return with someone to identify him. Three days later his arrest, mentioned above, was brought about.

HAROLD W. PRESTON, who defrauded a bank member at Boston, Mass., during November, 1913, through the medium of a forged check, was arrested by the police at Boston, Mass., on November 20, 1914, on information furnished by our detective agents.

Preston is described as follows: Age, 21 years; height, 5 feet 11 inches; weight, 145 pounds; build, slender; complexion, medium; eyes, blue; hair, brown; smooth shaven.

L. M. RICH was arrested by our Detective Agents at Des Moines, Iowa, on October 27th for swindling a membership bank at Topeka, Kan. Rich is fighting extradition, and his hearing will come up before the Governor of Iowa on November 6, 1914. See JOURNAL-BULLETIN for November, 1914, page 311.

JACK RYAN, mention of whom is made on page 312 of the November, 1914, JOURNAL-BULLETIN, was arrested on October 20, 1914, in Minneapolis, Minn., through the action of the Ortonville, Minn., authorities, and has been returned there to await the action of the Grand Jury. Ryan succeeded in defrauding a member bank at Ortonville, Minn., by means of a forged check.

NELLIE SCRULIS, alias Nellie Henderson, was arrested on November 2d at Hartshorne, Okla., by our Kansas City Detective Agents for forging the endorsement on a check in the sum of \$100, which she cashed at a membership bank in Heavener, Okla., in February, 1914. This woman was turned over to the authorities there. See JOURNAL-BULLETIN, April, 1914, page 692.

On November 5, 1914, Sheriff Wm. Brown caused the arrest of DOW SCHOONOVER, alias Dow Griffin, at Great Bend, Kan. Schoonover was wanted for defrauding a member bank at Parkersburg, W. Va. The sheriff of Clay County, W. Va., has gone to Kansas to bring Schoonover back. Schoonover was arrested in 1912 for forgery in Clay County, W. Va., but succeeded in breaking away from officers who had him in charge. He was located and again arrested, lodged in the Clay County Jail, but on July

5, 1912, sawed the bars of his cell and again made his escape. Mention of this criminal is made in the following JOURNAL-BULLETINS: January, 1912, page 439; May, 1912, page 695; June, 1912, page 767; August, 1912, page 117.

On June 20th several checks, purporting to be issued by the Pioneer Telephone and Telegraph Company, of Oklahoma City, Okla., appeared, in which the name of the paymaster was forged. These checks were filled out in the regular way, showing that same were for service from June 1st to June 15, 1914, as it is the custom of this company to pay twice a month. At the end of June more forged checks appeared, covering the period from June 16th to 30th, and each month thereafter similar checks were forged. A membership bank at Tulsa, Okla., received two of these checks of the period ending August 31st and same went through their bank undetected. The matter was turned over to our Detective Agents, who, assisted by the special agent for the telephone company at Oklahoma City, caused the arrest of two young men, former employees of the telephone company, named CLARENCE CLARK SMITH and C. T. BINGEMER, at Oklahoma City, who are at the present time awaiting trial in Oklahoma City.

On Saturday, November 7, 1914, C. L. TRAVIS, who on Monday, October 12, 1914, swindled a bank member at Colorado Springs, Colo., by means of a forged check, was arrested in Oakland, Cal., by our Detective Agents, assisted by the local officers.

He has been returned to Colorado Springs, Colo., for trial, which is now pending.

A member bank at Montclair, N. J., was recently defrauded by means of a bogus check upon which they gave the cash it called for to a party who gave the name of HERBERT W. VAN SCIVER. This matter was placed in the hands of our Detective Agents, and on November 5, 1914, assisted by the police authorities of Stamford, Conn., Van Sciver was placed under arrest. He is of the following description: Age, 47 years; height, 5 feet 2 inches; weight, 135 pounds; eyes, dark; hair, dark; dark mustache.

DELLA WHITE, alias Mrs. L. C. Spencer, alias Mrs. L. C. Hall, alias Laura Reynolds, etc., a well known forger who has operated all over the country, was released from the house of correction in Chicago and at the same time arrested on a charge of forgery at Kansas City and returned to that point by the city authorities of Kansas City. This woman is now out on bond, her case being set for November 30th in Judge Shepherd's court in Kansas City, Mo., at which time she will be tried for forgery against a membership bank at that point.

Della White is also wanted in Salt Lake City for forgery in the sum of \$400, and the authorities there will probably take charge of her if she is not convicted in Kansas City. See JOURNAL-BULLETIN, November, 1913, page 381.

On October 29, 1914, a member bank at Champaign, Ill., succeeded in having arrested by the local

authorities one L. E. WOLF, alias L. E. Jones, alias James E. Woolen, who had attempted to swindle their bank by means of a forged check.

A full confession was secured from him. He is described as follows: 19 or 20 years old; 5 feet 6 inches in height; 135 pounds in weight; blue eyes; and medium chestnut hair.

REMOVED.

CHARLES ANDREWS, alias Charles H. Andrus, who, on August 29, 1914, swindled a bank member at Yampa, Colo., was on October 23, 1914, sentenced to the Colorado State Penitentiary at Canon City, Colo., for an indeterminate term of from eighteen months to three years.

LESTER ARMISTEAD, alias Lester Norton, alias Howard Norton, regarding whom an article appeared in the September, 1914, number of the JOURNAL-BULLETIN, page 179, was in the latter part of September, in the Justice Court at El Centro, Cal., Judge Franklin J. Cole presiding, found guilty and sentenced to the Reform School until he becomes of age, which practically means about three years of imprisonment.

BEN J. BIANCHI, alias Ben J. Bianco, alias B. J. White, alias Williams, regarding whom an article appears in the August number of the JOURNAL-BULLETIN, page 116, was on August 12, 1914, found guilty in the Superior Court at Los Angeles, Cal., Judge Willis presiding, and given two and one-half years' probation.

JACOB BIRNBAUM, who was on July 21, 1914, arrested at New York, N. Y., and charged with forgery by a member bank of New York, was on August 5, 1914, sentenced to Elmira Reformatory by Judge Swan in the New York Criminal Courts. JOURNAL-BULLETIN, August, 1914, page 116.

WILLIAM BOLAND, on October 31, 1914, was found not guilty on the forgery charge brought against him by a New York member bank. He was released from custody. JOHN RYKER, an accomplice, was also discharged on the forgery charge, but is still being held in the Tombs Prison at New York City charged with having heroin in his possession at the time of his arrest. ANDREW H. RUHL, alias George Loder, who was also arrested as being implicated with the above mentioned forgers in their deals, was sentenced to one year in the Penitentiary at Blackwell's Island. The operations of these forgers are reported on page 181 of the September, 1914, JOURNAL-BULLETIN.

DAN BURNS, who was arrested October 25, 1914, by the Chicago Police Department, assisted by our Detective Agents, on a charge of forging the endorsement of his former employer and reported through the columns of the JOURNAL-BULLETIN of October, 1914, was released, as no true bill was found by the Cook County Grand Jury.

OSCAR BUSCHMAN has been convicted and sentenced to the Illinois State Penitentiary, at Joliet, Ill., for a period of from one to ten years.

ROBERT CAMPBELL, arrested July 21, 1914, for a forgery committed at New York, N. Y., on a member bank, was sentenced by Judge Swan in the New York Criminal Courts on August 24, 1914, to Elmira Reformatory. JOURNAL-BULLETIN, August, 1914, page 116.

A. H. CONN, whose arrest is reported in the January, 1914, JOURNAL-BULLETIN, page 525, on his re-arrest, elsewhere in this issue, was sentenced recently to two years in the State Penitentiary at New Orleans, La. Conn was sentenced on the charge of having stolen \$3,000 from a member bank at Hazlehurst, Miss. JOURNAL-BULLETIN, November, 1913, page 384.

GRACE CONNORS, alias Ada Tawber, on October 29, 1914, was paroled by the Court at Detroit, Mich.

JOHN COOPER, alias L. W. Beemer, is confined in the Psychopathic Hospital at Ann Arbor, Mich., for the insane. We are removing his name from the awaiting trial list and carrying this removal under the proper heading.

A. W. CRADDOC, whose arrest was published in the November, 1914, JOURNAL-BULLETIN, was found guilty at Cairo, Ill., and sentenced to ten days in jail, in addition to a fine sufficient to reimburse parties defrauded by him and to reimburse the county for expense incurred in sending for him.

JOHN DE FOREST, alias H. W. Walden, whose arrest was reported on March 13th, page 325 of November JOURNAL, was sentenced, upon a plea of guilty, to the Auburn State Prison, Auburn, N. Y., from five to ten years, on July 6, 1914.

J. L. DILLON, charged with defrauding a membership bank at Los Angeles, Cal., an article concerning his operations appearing on page 180 of the September, 1914, number of the JOURNAL-BULLETIN, was on September 3, 1914, in the Superior Court of Los Angeles, Judge Craig presiding, found guilty and was given three years' probation.

M. C. DONNELLY, whose arrest was reported on page 180 of the September, 1914, JOURNAL-BULLETIN, on August 5, 1914, sentence was suspended and he was placed on probation order on condition that he pay up by monthly instalments his arrearages, which is being done.

On November 10, 1914, ROBERT DONOHO was convicted of defrauding a member bank at Owosso, Mich., by forgery, and sentenced to ninety days in the Detroit House of Correction.

ALBERT GILBERT FELDMAN, who was arrested on August 3, 1914, and charged with having attempted, by means of a forged check, to defraud a member bank at New York, N. Y., was on September 23, 1914, discharged on this charge of forgery and taken to Waterbury, Conn., to stand trial on a larceny charge. On September 24, 1914, he was sentenced at Waterbury to seventy-five days in jail.

ARTHUR E. FLETCHER, mention of whom is made in the July JOURNAL-BULLETIN, page 33, September, 1912, page 182; February, 1914, page 536, was recently brought before the Criminal Court at Zanesville, Ohio, where he pleaded guilty to charges of having defrauded a member bank at that place. He was sentenced to serve an indefinite term in the Ohio State Penitentiary. The length of term that he will have to serve will be governed by the Ohio State Board of Pardons.

MARTIN GAVIN, who was arrested during September, 1914, at New York City, charged with carrying concealed weapons, and later identified by our Detective Agents as being wanted for defrauding a member bank at Bremerton, Wash., by means of a forged check, was on October 16, 1914, in the New York Criminal Courts, sentenced to the Penitentiary on the charge of carrying concealed weapons. See JOURNAL-BULLETIN, October, 1914, page 233.

SOLOMON CHARLES GLICKMAN, alias Glackman, whose arrest was reported in Chicago in the October, 1914, JOURNAL-BULLETIN, pleaded guilty to the charge of confidence game and receiving money by false pretenses and has been sentenced to an indeterminate term at the Illinois Reformatory School, Pontiac, Ill.

WILLIAM GRIFFEN was arrested in Denver on September 25, 1914, for an attempted sneak theft on a bank member in Denver, Colo. On being shown that this was his first offense, on October 24, 1914, he was discharged from custody.

CHARLES HAMBRY, mentioned in JOURNAL-BULLETIN for October, 1914, pled guilty before Judge Latshaw in Kansas City, Mo., on October 14th, 1914, and was sentenced to four years in the Missouri State Penitentiary.

W. S. HAMILTON, alias John A. Cox, has been released on account of insufficient evidence to convict.

This man is mentioned in the following JOURNAL-BULLETINS: August, 1913, page 103; June, 1914, page 834.

FRANK HEARN, an account of whose arrest was given on page 50 of the July, 1914, JOURNAL-BULLETIN, has been sentenced to Elmira Reformatory.

Hearn was arrested by our Detective Agents and the New York police, while attempting to cash a forged check at a New York City member bank.

On October 21, 1914, ROBERT HEISLER, alias Bob Evans, was found guilty and sentenced from Louisville, Ky., to an indeterminate term of from two to five years. JOURNAL-BULLETIN, October, 1914, page 227, and November, 1914.

JAMES H. HOAGLAND, who was arrested on September 25, 1914, charged with having perpetrated a swindle against a member bank in New York City, was on October 19, 1914, in the New York Criminal Courts, sentenced to serve eighteen months in the Penitentiary.

JOHN M. HOWE and HARRY F. MOTLEY, whose arrests are reported in JOURNAL-BULLETIN for November, 1914, page 322, pled guilty before Judge Latshaw, in Kansas City, Mo., on October 20th, and were sentenced to seven years each in the Missouri State Penitentiary.

On page 50 of the July, 1914, JOURNAL-BULLETIN, an article was published concerning the reported arrest of ROWLAND JOHNSON, at Warren, Minn., who had succeeded in defrauding a bank member in Grundy Center, Iowa, and a bank member in North Dakota. We must advise that this information is in error. Johnson was located by the Des Moines correspondent of our Detective Agents in Warren, Minn., and by the time that the warrants were on their way for his arrest, Johnson had disappeared.

YACOP MALSEGOFF, who was on April 15, 1914, arrested at Seattle, Wash., on the charge of having been implicated with others in a hold-up that was perpetrated against a member bank at Elma, Wash., during March, 1914, was recently convicted and sentenced to from 5 to 20 years in the State Penitentiary at Walla Walla, Wash. He has, however, appealed his case, and is held in jail until he is either granted a new trial or is removed to the Penitentiary. JOURNAL-BULLETIN, May, 1914, page 771.

GEORGE M. MARTIN, who was arrested for holding up and robbing a membership bank at Spokane, Wash., pleaded guilty and was sentenced to from 5 to 10 years in the State Penitentiary, at Walla Walla, Wash.

FRED R. MATHER is mentioned on page 324, November, 1914, issue of the JOURNAL-BULLETIN, as being sentenced to the Ohio State Reformatory.

This is an error, and should have read that Mather was sentenced to the Ohio State Penitentiary.

FRANK MILTON, mentioned elsewhere in this Journal, was released by the authorities at Kansas City, Mo., inasmuch as the prosecuting attorney at Luray, Kan., deemed the evidence insufficient to convict him on the charge at that point.

E. J. PARENT, alias H. W. Williams, alias George C. Blackwell, alias R. P. Solder, whose arrest is reported elsewhere in this issue, was sentenced to six months on October 26, 1914, in the Erie County Penitentiary. Upon completion of this sentence he will be re-arrested for attempting to defraud Buffalo banks.

WILLIAM PEISKER, whose arrest is reported elsewhere in this issue, was sentenced recently to an indeterminate term in the New York City Reformatory.

OSCAR PICKELL, whose arrest is reported in JOURNAL-BULLETIN for September, 1914, page 182, pled guilty to second degree forgery, and was sentenced to five years in the Missouri State Penitentiary.

GEORGE D. SCANLON, who was arrested on June 10, 1914, and charged with having committed a forgery on a member bank at New York, N. Y., was on July 6, 1914, given a suspended sentence by Judge Mulqueen in the New York Criminal Courts. JOURNAL-BULLETIN, July, 1914, page 50.

H. SMITHSON, whose arrest is reported in the June, 1914, JOURNAL-BULLETIN, page 833, has been turned over to the United States Army authorities at Fort Sill, Missouri.

This is a result of his arrest at Perry, Okla., on the charge of having defrauded a member bank at that place by means of a forged check.

AWAITING TRIAL, EXTRADITION OR SENTENCE, DECEMBER 1, 1914.

ALLEGED FORGERS, ETC.

Angel, George, July 23, 1914, arrested; swindle East Ely, Nev.

Bach, Edward, November 17, 1914, arrested; forgery New York, N. Y.

Bazzell, Charles, February, 1914, arrested; swindle Pryor, Okla.

Berry, Aurelia Mildred, July 7, 1914, arrested; forgery New Orleans, La.

Bingemer, C. T., November, 1914, arrested; forgery Tulsa, Okla.

Bishop, Louis, October 2, 1914, arrested; forgery San Francisco, Cal.

Blass, Aline Davis, September 25, 1914, arrested; forgery New York, N. Y.

Bobnich, Robert, October 10, 1914, arrested; forgery Choteau, Mont.

Bonchea, Benjamin, July 30, 1914, arrested; swindle Philadelphia, Pa.

Braun, F. A., July, 1914, arrested; forgery San Antonio, Tex.

Brogard, Girard, September 10, 1914, arrested; swindle Billings, Mont.

Bundy, H. C., August 7, 1914, arrested; forgery San Francisco, Cal.

Bush, J. A., May 29, 1913, arrested; forgery We-natchee, Wash.

Cameron, James H., September 22, 1914, arrested; forgery Galveston, Tex.

Cantrell, T. M., March 16, 1914, arrested; swindle Claremore, Okla.

Carter, C. C., August 15, 1914, arrested; forgery Birmingham, Ala.

Comerford, Lawrence, October 31, 1914, arrested; forgery Kansas City, Mo.

Cooper, —, May, 1913, arrested; forgery New York City.

Cooper, C. S., March 7, 1914, arrested; swindle Cordell, Okla.

Cox, Charles, September 23, 1914, arrested; forgery Bellhaven, N. C.

Curtis, Edwin A., December, 1913, arrested; forgery Stryker, Ohio.

Cuyle, W. G., October, 1914; arrested; forgery Chillicothe, Mo.

Davis, William T., June 27, 1914, arrested; swindle Yuma, Col.

Delahoussaye, Wilbur Lee, June 19, 1914, arrested; swindle Cheyenne, Wyo.

Farlow, A. P., April 1, 1914, arrested; forgery Columbia, S. C.

Frich, Tona, October 10, 1914, arrested; forgery Choteau, Mont.

Frierson, Wesley J., October 3, 1914, arrested; swindle Denver, Colo.

Fuentes, Frank San Elmo, July 30, 1914, arrested; forgery Philadelphia, Pa.

Futrell, Tiny, June 15, 1914, arrested; forgery Charleston, Mo.

Gillum, Carl, October 11, 1914, arrested; forgery Milford, Ill.

Gilson, A. B., October 14, 1914, arrested; forgery Portland, Ore.

Goelitz, G., September, 1914, arrested; forgery Chicago, Ill.

Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.

Guy, Ray, September 10, 1914, arrested; forgery Oxnard, Cal.

Handwerk, Walter, November 6, 1914, arrested; forgery Corona, L. I.

Hardman, Carl, September 2, 1914, arrested; swindle Vincennes, Ind.

Heild, Jessie, September 25, 1914, arrested; swindle New York, N. Y.

Howard, Robert W., June 16, 1914, arrested; forgery Fort Smith, Ark.

Jackson, Reginald, September 3, 1914, arrested; swindle Denver, Col.

Kelly, Margaret, October 11, 1914, arrested; forgery St. Louis, Mo.

Kelly, Robert M., June 8, 1913, arrested; swindle Bishopville, S. C.

Kirlin, Loretta, August 15, 1914, arrested; forgery Indianapolis, Md.

Klarch, George, October 10, 1914, arrested; forgery Choteau, Mont.

Konvalinka, Louis, November 17, 1914, arrested; forgery Brooklyn, N. Y.

Kreleberg, Harry, February, 1914, arrested; forgery New York City.

Lambright, F. A., August 11, 1914, arrested; forgery Belleville, N. J.

Larson, John B., October 27, 1914, arrested; forgery Juneau, Alaska.

Lessar, Edward R., November 12, 1914, arrested; forgery Oakfield, Wis.

Long, Robert, November 14, 1914, arrested; forgery Wildwood, N. J.

Long, Violet, September 5, 1914, arrested; forgery Wildwood, N. J.

Lundlin, Carl, September 26, 1914, arrested; forgery East Grand Forks, Minn.

McDaniels, Ed., November 12, 1914, arrested; forgery Buckner, Mo.

McGinnes, James, October 1, 1914, arrested; forgery Houston, Tex.

McKay, D. H., November 11, 1914, arrested; forgery San Francisco, Cal.

McKellop, Tom, March 20, 1914, arrested; swindle Holdenville, Okla.

McKellop, William, March 20, 1914, arrested; swindle Holdenville, Okla.

McKinley, Mrs., June 12, 1914, arrested; forgery Williamsport, Pa.

McKinley, Ruth, June 12, 1914, arrested; forgery Williamsport, Pa.

McKinley, Maynard, March 10, 1914, arrested; forgery Idabel, Okla.

Mellis, Charlie, July 16, 1914, arrested; forgery Decatur, Ala.

Messinger, Andrew, October 21, 1914, arrested; forgery Bath, Pa.

Miller, Earl, October 11, 1914, arrested; forgery St. Louis, Mo.

Parmeter, Oren, September 15, 1914, arrested; swindle Albion, Ind.

Posselt, Charles A., July, 1914, arrested; forgery Worcester, Mass.

Preston, Harold W., November, 1914, arrested; forgery Boston, Mass.

Rabiner, Jules C., August, 1914, arrested; swindle New York, N. Y.

Ramsey, Leo, October, 1914, arrested; swindle Carlisle, Ind.

Raphael, R., June 19, 1914, arrested; swindle Portland, Ore.

Richason, M., January 1, 1913, arrested; swindle Kansas City, Mo.

Rich, L. M., October 27, 1914, arrested; forgery Topeka, Kan.

Riche, A. L., October 16, 1914, arrested; swindle Boston, Mass.

Rittenhouse, George W., October 16, 1914, arrested; forgery Orange, N. J.

Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.

Rowland, William, May, 1914, arrested; forgery Hartman, Ark.

Ryan, Jack, October 20, 1914, arrested; forgery Ortonville, Minn.

Scruis, Nellie, November 2, 1914, arrested; forgery Heavener, Okla.

Schoonover, Dow, November 5, 1914, arrested; forgery Parkersburg, W. Va.

Smith, Clarence Clark, November, 1914, arrested; forgery Tulsa, Okla.

Smith, D. K., September 22, 1914, arrested; swindle Huntsville, Ala.

Smith, J. T., February, 1914, arrested; swindle Purcell, Okla.

Spencer, H. E., January, 1914, arrested; forgery San Francisco, Cal.

Stevens, E. M., March 10, 1914, arrested; swindle Millerstown, Pa.

Stoltz, Walter R., September 14, 1914, arrested; forgery Portland, Ore.

Stone, George, December, 1913, arrested; forgery Lindsay, Cal.

Sturgis, R. E., July 3, 1913, arrested; swindle Jennings, La.

Sullivan, C. E., August 15, 1914, arrested; forgery Ensley, Ala.

Sullivan, Charles, September 7, 1913, arrested; swindle Munfordville, Ky.

Thompson, R. A., July 27, 1914, arrested; swindle Shreveport, La.

Travis, C. L., November 7, 1914, arrested; forgery Colorado Springs, Colo.

Van Sciver, Herbert W., November 5, 1914, arrested; forgery New York, N. Y.

Vojvodic, Kajo, October 10, 1914, arrested; forgery Choteau, Mont.

Wells, Kate, June 10, 1914, arrested; swindle Cincinnati, Ohio.

White, Della, November, 1914, arrested; forgery Kansas City, Mo.

Wise, Tessie, January 7, 1914, arrested; forgery San Francisco, Cal.

Wolf, L. E., October 29, 1914, arrested; forgery Champaign, Ill.

Woolf, Beit, May, 1913, arrested; forgery New York City.

BURGLARS AND HOLD-UP ROBBERS.

Anderson, Nels, October 2, 1914, arrested; attempted hold-up Gilford, Mont.

Dropp, B. W., February, 1914, arrested; attempted hold-up Tacoma, Wash.

Edwards, Gilbert, October 3, 1914, arrested; hold-up Salt Lake City, Utah.

Kazansias, Halg, November, 1914, arrested; hold-up Sedro Wooley, Wash.

King, Alex., September 18, 1914, arrested; burglary Lincoln, Ala.

Powells, John, September 28, 1914, arrested; burglary Lincoln, Ala.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE PROTECTIVE COMMITTEE.

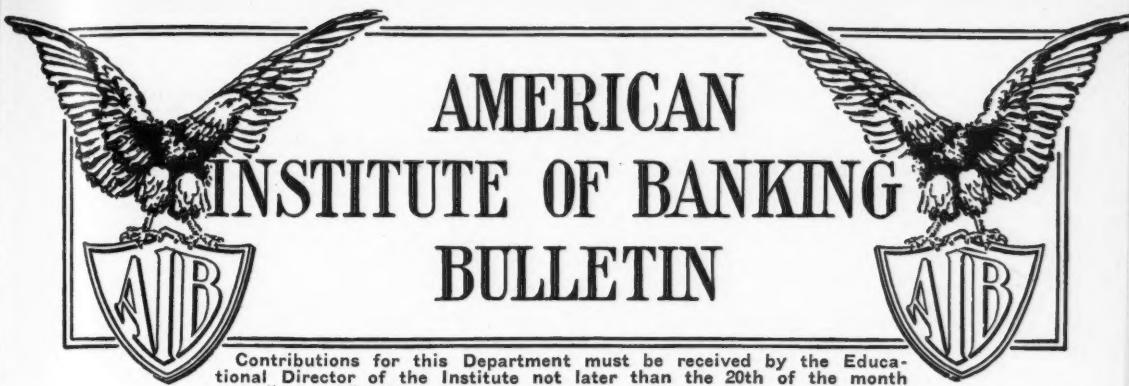
From September 1, 1914, to November 30, 1914.

New York, N. Y., December 1, 1914.

Persons arrested, discharged, convicted, fugitives, awaiting trial, etc.

	Awaiting Trial, etc., September 1, 1914.	Arrested since September 1, 1914.	Arrests in November, 1914.	Total.	Convicted.	Discharged or Acquitted.	Escaped, Fugitive, Dead, or Insane.	Awaiting Trial.
Forgers.....	*92	64	25	89	64	15	4	98
Burglars.....	..	3	1	4	2	..	..	2
Hold-up robbers.....	3	3	1	4	3	..	..	4
Sneak Thieves.....	..	1	..	1	..	1	..	..
	*95	71	27	98	69	16	4	104

*On page 50 of the July, 1914, JOURNAL-BULLETIN, Rowland Johnson is erroneously reported as arrested. His name has now been removed from the Awaiting Trial list and the number awaiting trial on September 1, 1914, is reduced from 93 to 92.



AMERICAN INSTITUTE OF BANKING BULLETIN

Contributions for this Department must be received by the Educational Director of the Institute not later than the 20th of the month preceding publication.

INSTITUTE ADMINISTRATION.

EXECUTIVE COUNCIL.

1915—ROBERT H. BEAN (*Chairman*), Treasurer Old South Trust Co., Boston, Mass.; C. W. ALLENDOERFER (*Vice-Chairman*), Assistant Cashier First National Bank, Kansas City, Mo.; H. J. DREHER (*ex-officio*), Assistant Cashier Marshall & Ilsley Bank, Milwaukee, Wis.; T. H. WEST (*ex-officio*), Ladd & Tilton Bank, Portland, Ore.; T. R. DURHAM, Assistant Cashier Chattanooga Savings Bank, Chattanooga, Tenn.; Q. B. KELLY, Cashier Citizens State Bank, Bingham Canyon, Utah; L. H. WOOLFOLK, Assistant Cashier Scandinavian-American Bank, Seattle, Wash.

1916—WILLIAM S. EVANS (*ex-officio*), Henry & West, Philadelphia, Pa.; W. O. BIRD, Colorado National Bank, Denver, Colo.; EUGENE J. MORRIS, Manayunk National Bank, Philadelphia, Pa.; GEORGE H. KEESEE, Assistant Cashier, Merchants National Bank, Richmond, Va.

1917—FRANK C. BALL, Mississippi Valley Trust Co., St. Louis, Mo.; FRANK B. DEVEREUX, National Savings & Trust Co., Washington, D. C.; R. S. HECHT, Hibernia Bank & Trust Co., New Orleans, La.; JOHN W. RUBECAMP, Corn Exchange National Bank, Chicago, Ill.

OFFICERS.

WILLIAM S. EVANS, <i>President</i>	Henry & West, Philadelphia, Pa.
THOMAS H. WEST, <i>Vice-President</i>	Ladd & Tilton Bank, Portland, Ore.
GEORGE E. ALLEN, <i>Educational Director</i>	5 Nassau St., New York City
O. HOWARD WOLFE, <i>Assistant to Educational Director</i>	5 Nassau St., New York City

Popularizing Thrift In a Nation That Spends More for Beer Than for Bread

An Address by E. G. McWilliam, Secretary Savings Bank Section, American Bankers Association, before Hartford Chapter.

A PROMINENT banker in one of our foremost cities made the remarkable statement to me recently that a large proportion of the people in the community he served were ashamed to be seen making deposits in a savings bank or savings department of some other bank. I was astounded that such a thing could be possible, but, while never having had it brought home to me so forcibly before, this statement simply confirmed what I have come to realize, as a result of my experience during the past two and a half years—namely, that thrift is unpopular.

Why is this so, and who is to blame that something which leads to better living, better homes, better citizens and a greater country, is unpopular? My answer to this is that misconception, ignorance and limited vision are responsible for such a condition and that we as bankers are largely to blame that it exists.

That a person should be ashamed to be seen making a small weekly deposit in a savings bank indicates a false pride which is one of our besetting

sins as a nation—the desire to assume a social position not in keeping with our financial position and a tendency to look to future increases in income to provide for the future, rather than to do so from immediate income. Let us therefore consider what real thrift means and the part bankers should play in its promotion, which will necessarily include some references to bank publicity and the Institute's position in the matter.

Some one has said, "Industry earns and prudence plans what to do with one's earnings. Economy manages wisely what one has earned. Frugality saves something out of one's earnings. Industry, Prudence, Economy and Frugality together make Thrift." A man may be able to make money very rapidly, but if he squanders it as quickly as he makes it he is not thrifty. Neither is a man thrifty if he is frugal to the extent of being miserly. Again, a man may be prudent without the ability to earn; so that the really thrifty person must combine all four of these qualities, namely, industry, prudence, economy and frugality. However, I believe we are too prone to think of thrift as beginning with the saving of money, whereas that is really the result of thrift, and not the beginning. The beginning lies in applying all four of the qualities mentioned to our every-day living—food, clothing, housing, etc., and we may en-

tertain high hopes that this will gradually become a national habit when we note, for instance, that the Board of Education of the great city of New York is distributing among the public school children circulars containing diagrams and instructions as to the economical purchase of meats, and pointing out the higher nutritive value of some of the cheaper cuts, and that similar educational efforts are being made in other sections of the country.

The attractive thing is always the most popular, and therefore if thrift in this country is ever to become as popular as extravagance, it must be made equally attractive, if not more so. That this will be "some job" will not be denied.

For instance, in a town which I recently visited, and where there are some twenty thousand families, I was informed that there are eight thousand registered automobiles and that it is impossible to rent even a three-room bungalow unless there is a garage in the rear. When I remarked that the cost and upkeep of autos must be less, or else everybody has more money there than in the towns with which I am familiar, my guide said that the people there "believed in spending their money and enjoying life as they went along"—which is a typical American attitude. The task assumes still greater proportions when we consider that the American people spend more each year for automobiles than for household furniture, more for chauffeurs than for public school teachers, more for beer than for bread, more for tobacco than our entire national debt amounts to, more for soda water than for leather, more for chewing gum than would build two Woolworth buildings, and that we have spent more for diamonds during the past ten years than would pay the entire cost of the Panama Canal. In the face of these facts, which are readily substantiated by government statistics, it is not to be wondered at that our percentage of savings depositors to population, including not merely the depositors in mutual and stock savings banks, but also those in national and state banks, trust companies, private banks, postal savings banks, school savings banks and building and loan associations, is the smallest of any of the great civilized countries of the world, being but 22 per cent., in comparison with England's 33 per cent., which is the next lowest. And that percentage is the real test of any country's thrift.

It would seem, therefore, that the task of popularizing thrift in this country in any degree which will cause it to become a serious competitor of extravagance in bidding for the public's preference, is a well-nigh insurmountable one; but that it can be done I have not the slightest doubt, provided the bankers and the American Institute of Banking together assume their full share of responsibility.

However, there are three large classes of people in this country whose ignorance, misconception and short vision must be corrected before any real progress may be made in this matter. I refer to the hoarders, the get-rich-quick flimflam men and those who have automobile appetites which they attempt to satisfy with wheelbarrow pocketbooks.

Some time ago, after an exhaustive investigation, a New York newspaper was led to the conclusion that the amount of hoarded money in this country was not far from \$300,000,000. If this huge sum were released through the usual channels of commerce it is fair to assume that we would hear less of the need for the release of reserves which has been made so prominent in connection with the opening of the Federal Reserve Banks, for the elimination of this huge sum from circulation must have an economic influence in a tendency to curtail credit. It is estimated that there are over fourteen millions of foreigners in this country, at least ten per cent. of whom are laborers given to hoarding through a distrust of our financial institutions. A prominent Italian banker of New York is authority for the statement that the average Italian laborer saves about \$200 per year, and if only half the Italian population alone in this country kept their money about them or hid it, as many of them do, the amount estimated above would be accounted for, so it is fair to assume the estimate is a conservative one.

The second class is made up of those seeking a short cut to affluence, lured by the occasional instances of fortunes made through speculation, which so dazzles their vision that they are unable to perceive the hundreds of failures strewn along the same road. I have not seen the figures for last year, but in 1912 more than half a million people lost over \$120,000,000 in "wild cat" schemes which were uncovered by the post office authorities alone, and probably there were a great many more who preferred to charge their losses to experience rather than have their foolishness become public.

The third class may be said to include a majority of the American people, and undoubtedly contributes largely to the ranks of the second class I have mentioned. I presume in your studies of economics you have often had the principle laid down, that as a country improves its civilization it increases its wants. We have developed the highest civilization in the world to-day, but in the craze for its attendant luxuries we have also developed what some one has termed a national vice—namely, extravagance, to which this third class is especially addicted. This class is loudest in its protests against the high cost of living, not realizing their inconsistency in view of the fact that their own extravagance is a large contributory cause to the very thing against which they protest. Those who compose this class are proud to be known as the best spenders in the world, where as a matter of fact they are the worst. It is one thing to be known as a generous though careful spender, and quite another to gain the reputation of a waster—the former commands respect and confidence, while the latter will eventually be shunned socially and commercially.

I have stated that real thrift must begin elsewhere than in the mere depositing of money in a bank, and I believe it; but no matter what form the beginning of thrift assumes, it is bound to result in a surplus of that medium of exchange which we call money, and which will be deposited somewhere, for no thrifty man will hide his surplus in his sock or bedtick. Thus the bankers, if from no other motive, are selfishly interested in the encouragement of thrift, which in a final analysis means the saving of money, and they may do much toward making saving popular with the public and easy for the individual.

That it is not so at present is evidenced by the general public's attitude toward banks and bankers as a class. It is the popular thing nowadays to "knock" the banks and regard bankers as persons to be looked upon with suspicion. Many influences have contributed to bring about this condition, prominent among which is the unfortunate attitude toward banks assumed by Government officials during the discussion of our currency legislation last year, through which the public was given the impression that every suggestion made by the bankers arose entirely from selfish motives without regard to the welfare of the country. In fact a high government official made that statement to me personally, and in reply I said, what I believe most sincerely, that in banking, as in every other business or profession, will be found men actuated solely by selfish motives, but that also among the bankers, as history shows to have always been the case, will be found some of the greatest patriots of the day—and we have but to scan the list of gentlemen who have accepted official positions with the various Federal Reserve Banks to find confirmation of that statement.

Another influence, probably the most powerful, and which by every reasoning should be allied to promote confidence in our financial institutions rather than to encourage distrust, is the sensational press. In our great cities the newspapers of this class, ever on the alert to increase their circulation among the masses, cater to what they conceive to be the popular attitude toward savings banks especially, and to further their own selfish ends kindle the flames of a class hatred instead of endeavoring to educate their readers in these matters, thereby enabling them to make an intelligent use of our financial institutions, which would be rendering a real patriotic service. These papers exert a tremendous influence over a certain class of people, and to illustrate what a for-

midable obstacle they are to our Thrift work, the following, taken from the editorial page of one of them in 1909, when a number of the large savings banks, as a matter of prudence, reduced the rate of interest to depositors to three and one-half per cent., is interesting:

"Listen, my children, and you shall hear what a difference it makes whether you Own a National Bank or Have a Few Dollars Tucked Away in a Savings Bank. Some savings banks, including the great Bowery Savings Bank, with a million and a half depositors of small means, has cut down the rate of interest paid depositors from four per cent. to three and one-half per cent. Another bank, the First National, handed out a special dividend of eight per cent. to those that own its capital stock of ten millions, and this eight per cent. was added on to other dividends for the year of 32 per cent., making 40 per cent. for the year.

"Quite a difference, isn't there, between putting your money as a depositor or a customer in a big savings bank and intelligently putting your money as an investor in the national bank stock that gets the profit?

"Men who know have said that the savings banks reduce their rate of interest, not so much because they can't afford to pay four per cent. as because the big national banks, the big men who so often use savings bank funds in their speculation—as they did, for instance, in the late panic—do not want the savings banks to be too attractive.

"The big national bankers, the gentlemen who get forty per cent. dividends on their stock, want money put with them that they may make profit on it. If they can cut down the rate of interest in the savings banks, that discourages savings bank depositors; it persuades the man to put his little savings into some stock, or something else, out of which the big men make a profit.

"Three and a half per cent. interest for the little man, reduced from four, 1,900 per cent. for the big man, and then 40 per cent. on that—quite a difference.

"And that difference, kind friends, is just about the difference between this country and a genuine republic."

And again, in 1913, the same paper published the following, also as an editorial:

"Three per cent. for you—four per cent. if you are lucky. Five per cent. and Big Bonuses for the 'Financiers' that rob you. This City and its people DO need friends.

"Slowly the big men of Wall Street and their obedient tools in public office are pushing ahead with their latest scheme of public robbery—the subway contracts. The ordinary citizen, working for a living, paying his taxes direct or through his rent, crowded in the subway, ignored by the rascal whom he may put in the City Hall, plods along and puts his small savings in the savings banks.

"He gets three per cent. usually—lucky, he, if he gets four per cent. He must give ninety days' notice before he can get his money out; and in times of panic he can't get it—because they need it in Wall Street for speculation. He must run the risk of the bank failing. So much for the little fellow.

"Do you wonder that the rich men get richer, or that the poor stay about where they were?"

But aside from these outside influences, is it not possible that we as bankers are ourselves in a large measure to blame for the lack of sympathetic cooperation upon the part of the public? Have we not exercised a certain "aloofness" which has caused a veil of mystery to arise between us and the people we serve, with the result that they have become suspicious—for people are always suspicious of a thing they do not understand.

For instance, not long ago, under the caption, "Discouragement of Thrift," the "Evening Sun" of New York said: "Thrift is a plant that needs be hardy to prosper on American soil. There are many to scatter the seed, but it falls for most part on barren ground. Insult and impertinence are the common lot of those who try to save their dollars and their dimes." And then went on to describe the experience of a man with two of the oldest savings

banks in New York and a branch of the postal savings bank, at all of which he was treated with great discourtesy. The article concluded by saying, "Now the moral of all this has little to do with the incivility of particular clerks. It touches on the whole broad practice of saving. Few men save for the pleasure of it. It is easy to discourage reluctant resolution. But saving is a national habit from which much good may come, and the saving that is wanted in this country is not the kind that deprives the circulating medium or its real uses by burying it under the hearthstones and in mattresses, but that very kind which the inferior officers of savings banks seem most desirous of discouraging." And a few days later, the morning "Sun," under the caption of "The God Behind the Wicket," while admitting that "there are some savings banks where the depositor or withdrawer is treated as courteously as if he were a banker," commented along the same lines. Now, from practical experience, I know that bank clerks at times come into contact with people that the Angel Gabriel could not please, but undoubtedly courtesy will accomplish more than any amount of printed matter, and our boys should be cautioned to proceed on the theory that one "knocker" can do more harm than will be offset by a hundred "boosters," and that the ideal bank official must possess patience, tact and good nature, coupled with a gentle firmness and alertness.

With all of these things in mind, somewhat over two years ago, from the office of the Savings Bank Section, American Bankers Association, we determined to make some remedial effort, and instituted a campaign of education in Thrift throughout the United States. The objects of this campaign are, first, to direct thought toward thrift and, second, to give the people practical information regarding the nature and functions of the various financial institutions with which they are daily brought in contact, in order that through knowledge the veil of mystery might be torn aside and banks and public be drawn closer together because of a clearer understanding of each other.

Our methods have been quiet but direct. For instance, believing our greatest hope for success lay in coming generations, we have from the first strongly endorsed the school savings system and secured its adoption wherever possible. In co-operation with the Comptroller's office at Washington we are now engaged in securing accurate statistics of this system, and while as yet very incomplete, it is safe to state that the system is in successful operation in over two hundred cities and towns. There have been some instances of failure, but in each case it will be found that the method of operation was the direct cause. If a method is adopted which, besides teaching thrift, gives the children some practical instruction in banking methods and forms, while adding nothing to the labors of teachers or bank employees, the school savings system is bound to succeed and will be an economic blessing to any community. It will not prove a money-maker for any bank, but on the other hand is one of the best advertising mediums a bank can have and a sure foundation for future business. To reach the "grown-ups" we have adopted three methods—lectures, newspaper articles and motion pictures. In co-operation with the Board of Education of New York we have arranged several courses of Thrift lectures by practical financial and insurance men, which were given in connection with the free evening courses for adults. The newspaper articles are in the form of short, pithy talks on thrift which we send monthly for weekly publication, and at present we are mailing over seven hundred sets of these talks each month and they are published in forty different States.

Our motion picture effort presented a more difficult problem. Being convinced that motion pictures are the most effective method of impressing the ordinary human mind—how were they to be applied to our work? The cost of such a production is between five and ten thousand dollars, and we had not the money. Finally the sympathetic ear of Mr. Blackton of the Vitagraph Company was obtained, and he agreed, if we would furnish him a play possessing

dramatic and commercial value, to produce same and place it upon the market. A gentleman was engaged to write such a play, embodying some of our suggestions, and the result was a two and a half reel play, "The Reward of Thrift," which was released through the General Film Company's forty-eight branches last September. In the meantime it was incumbent upon us to make it a commercial proposition for the producers, as agreed. To accomplish this we circularized the banks, suggesting that they agree to advertise the local motion picture exhibitor provided he would secure a booking of this play for his theatre, in consideration of which the exhibitor would be expected to show a slide or two advertising the bank immediately following the play. We had a large number of stock slides made up, which we are enabled to deliver to banks with their names inserted at a nominal cost. The results have been more than satisfactory. Banks are eager for this novel form of advertising, motion picture exhibitors are eager for the advertising the banks can give them, and consequently there is a large and continuous demand for the film from the distributing company, so that all concerned are happy, because they are getting something out of it for themselves, and in the meantime we are accomplishing our purpose of directing thought toward thrift in a more efficient manner than ever before.

Upon comparing the situation to-day with that prior to the beginning of our campaign we feel that, despite the apparently insurmountable task, we have made some progress. Three years ago little was heard upon the subject of Thrift. Now one rarely picks up a newspaper or magazine without seeing some reference to it. Societies have sprung up with the avowed purpose of teaching thrift among the people, and while of course we would not presume to take credit for all of these activities, the fact remains that they have largely come into existence since the beginning of our campaign, and it is fair to assume that our efforts have had some psychological influence at least.

However, if it were not that we realize it will take years for any decided results to become apparent, we would at times become greatly discouraged; and one of the, to me, most depressing influences under which we labor is the lack of co-operation in this work upon the part of the great benevolent system of mutual savings banks, despite the fact that mutual savings bank men are very prominent in our affairs. These banks were organized and operate as benevolent institutions and the motives of their organizers are well illustrated by the typical case of the first paid official of a large savings bank in New York City. It was decided by the trustees that the bank needed an official to give his entire time to the bank at a reasonable compensation, and the position was offered to one of their number. After mature deliberation he decided to accept, provided he be permitted to resign from the board of trustees and that his salary was not to be over two hundred dollars per annum. It was the spirit of service which dominated these banks in the beginning, and now that they have grown into one of the most powerful branches of our financial system, the same spirit should be manifested throughout the respective communities served by them in an equally greater measure. But when we find the officials of this savings bank stating that they do not want the accounts of poor illiterates, and the officials of another bank stating that if a person does not like the way they do business he may take his money somewhere else, and many savings banks refusing to take certain kinds of accounts which may occasion a little more trouble, though perfectly legal and a convenience to depositors, and when we find that the majority of the very depositors in these institutions do not know what a mutual savings bank is, we are led to believe against our will that the character of at least many of these institutions has decidedly changed since their inception.

The attitude of these institutions toward all forms of publicity is especially discouraging to those who feel that it is only through persistent education results may be attained in the matter of improving the conditions I have referred to. Most mutual savings

bank officials take the position that the bank's money belongs to the depositors and that they have no right to spend any part of it for anything which might be construed as advertising. This is perfectly right when one refers to advertising for new business, for if a mutual savings bank appears to be continually reaching out for new accounts, an inquisitive public may well pause and ask, "Why?" But, on the other hand, is there not a well-defined duty morally imposed upon these banks to educate the masses in the ways of thrift and in the nature and functions of this class of institution? It seems to me that theoretically at least these mutual institutions in their relation to the community are in the same class as the church, and performing a work second only to that of the church in importance. Surely, therefore, it is as much the duty of these banks to carry the gospel of thrift to the wage earner as it is the duty of the church to carry him the living gospel. And if this entails the use of newspaper space or other forms of publicity which will educate people in the ways of thrift and give depositors accurate information regarding the nature and functions of the savings bank to which they have entrusted their money, who is there among them who would criticise such public service by a public institution?

It is remarkable, when the lack of co-operation in this work upon the part of these benevolent institutions is observed, that the stock banks should enter into it to any degree, but realizing that it is "good business," besides a public service, even in cities where competition is most keen, banks individually and collectively have entered heartily into the campaign, as for instance in Los Angeles, Cal., where the savings banks joined in producing our picture play; and one of the most satisfactory results of the work thus far is to be found in the improved advertising of many banks, which is gradually getting away from cold, stereotyped announcements and assuming an educational and human interest quality, all of which aids in the popularizing of thrift.

In preparing our advertising we must consider the times in which we live, and offer inducements to save which will offset the inducements to spend, and show what can be accomplished with a little capital rather than using the rate of interest we will pay as an argument; in other words, emphasize the principle of "creating capital by economy."

Every savings depositor you secure strengthens our whole economic structure, for a savings account creates an interest upon the part of its owner in public affairs, and he should be made to feel that he can go to the manager of the savings bank or department at any time for advice and counsel. Large depositors should be discouraged in this field, for savings organizations are essentially not for the convenience of that class.

A close student of financial affairs has observed that "the kind of people who patronize savings banks hold the financial and commercial destiny of this country in their hands, and the stimulation of thrift is the key to the sociological situation. The gospel of thrift should be preached in the highways and byways until the last improvident soul is saved. It is not so much high interest as undoubted security that will attract savings accounts from the unenlightened." To all of which I am sure we will all agree.

But especially do we need the mutual savings banks' influence back of us in this work. Every one of them should be members of the American Bankers Association, not alone because the country looks to them as leading exponents of Thrift, but because radical legislation affecting these and all other financial institutions is constantly threatened, and in order to secure a proper regulation of such legislation it is essential that the financial institutions of the country present a united front.

The American Institute of Banking may be a tremendous factor in accomplishing the task of popularizing thrift and already has allied itself with the work by the appointment of a Committee on Public Affairs, whose duty it is to make the Institute a larger factor for good throughout the country. Recognizing the existing conditions to which I have alluded, and be-

lieving that they may be remedied only through persistent education, this committee has suggested that each chapter of the Institute set about training some of its members to speak in public upon the nature and functions of the various financial institutions and thrift. It is also suggested that a committee be appointed in each chapter to secure dates for these speakers before men's clubs or neighborhood gatherings of various kinds with a view to giving the people practical information upon these matters. There is no doubt but that the majority of bank runs are due to ignorance, which indicates but one phase of this great service which may be rendered by the Institute.

Already in a number of chapters a start has been made. New York and Philadelphia chapters have committees on public affairs and several talks have been given in New York in co-operation with the Board of Education and the Chamber of Commerce. Especially in San Francisco Chapter has the work been taken up in a practical manner. There they begin training the men physically, and the benefits of such training were very apparent in the one or two San Francisco men it was our privilege to hear during the Dallas convention. In other chapters the work has been referred to their debate committees, and in still others efforts are being made to interest school boards in the school savings system.

I believe upon each chapter of the Institute rests the responsibility of removing that ignorance and misunderstanding which stands to-day between the public and the financial institutions in their respective communities. Undoubtedly it is only a question of time when the members of the American Institute of Banking direct the financial affairs of this country. It is therefore incumbent upon them, while educating themselves in preparation for future responsibilities, to also educate the public in those other matters which will make their work easier when said responsibilities are assumed.

The great struggle which is now going on in Europe, with its attendant misery and hardship, emphasizes especially the need for thrift upon the part of all nations. Undoubtedly when the war is over a great tide of emigration will set in from all parts of the world toward the United States as presenting the only field where those who have the means to leave their devastated countries may find opportunity to recoup their fortunes. Especially is it desirable then that this great number of foreigners who will come to us shall be given a proper conception of our financial institutions. And who is better equipped to do this than the members of our chapters in the various large centers through which these foreigners will pass?

Just one more instance of the need of this work among our own people. Over forty millions of people in our own country are interested in the savings banks and insurance companies alone as depositors and policy holders; if, through ignorance or misconception, the confidence of this vast number of people in those institutions should ever become shaken, nothing could avert a catastrophe. It is our plain duty then, gentlemen, as bankers and members of the American Institute of Banking, to do our share toward protecting these and all other American institutions affecting as they do every man, woman and child of our population, by persistent education of the public; and may you of Hartford Chapter be ever ready to assume your full share of responsibility in this work.

INTER-CHAPTER DEBATING

By William W. Allen, Jr.

WITH the expansion and deepening of the educational work in the larger chapters there is to be noticed a commendable interest in public speaking and debating. Several things have worked together to bring this about. There is a real scarcity of men who can combine clear thinking with proper expression. To be able to talk well and to the point is more and more a necessity for the leaders

in institute work. Many a good worker is handicapped by his inability to speak. Those chapters are wise which are devoting some of their time to this accomplishment. While it is true that some of our members are, by natural ability and resourcefulness, better equipped than others; still it is the training and practice which count. Without those it is hard to so make objective his own thoughts as to have them easily understood by those whom he is addressing. One great difference between a trained and an untrained speaker is that the latter is apt to take it for granted that his audience is as familiar, off-hand, with his subject as he is after having spent time and thought upon it. Things which are now perfectly plain and clear to him he merely suggests and passes on. The result is that he is not so closely followed as he imagines, and his speech lacks strength.

The man of training and experience, on the other hand, while he does not underrate the intelligence of his hearers, yet realizes the importance of keeping his audience fully informed. He will not leave his point to be guessed at, but will clearly set it forth.

One of the best features of the public-speaking and debate work is that all of those who really enter it show marked improvement. Many a fellow whose heart beats fast and whose knees knock together at his first attempt is doing well by the end of the year. And one fails to recognize the value of being able to "talk on your feet."

For the past few years some of our chapters have been doing splendid work in the line of debating. Two years ago the Tri-City debate of Washington, Baltimore and Philadelphia was a marked success. New York is stronger in debating now than at any previous time. Hartford and other chapters are interested. For the past two years one of the most interesting and appreciated events on the progress of the Pennsylvania Bankers' Convention has been the debates between Pittsburg and Philadelphia chapters. These debates were on the timely subjects of Trust Company Powers for National Banks and Interlocking Directorates. The question this year may be on the subject of the Continental system of acceptances as against the American plan of selling goods on open account.

Last year at the Richmond Convention the debating teams from Pittsburg and Chicago gave a splendid account of themselves. This year the debate at Dallas between the Chicago and Philadelphia teams was listened to with keen attention. Philadelphia deserves great credit for winning from such worthy opponents. A man who was well qualified to give an expression of opinion was asked what he thought of this debate. He said "excellent debate, strong opposition, clean victory." This debate is reproduced in full in this number.

Many of the other chapters are not actively interested in this work. Because of this we have this year a National Debate Committee, with Mr. Devereux, of Washington, at its head. Developments may be expected. But this committee can only deal with match debates, while the individual chapters must encourage the work of their own debate section. The writer of this article is somewhat familiar with the work in the various chapters and his observation is to the effect that the advantage is with those chapters which are training and using many men, rather than with those who constantly call upon two or three of their best speakers.

The Institute is stronger each year. The problem has not shifted from getting men enlisted to the more serious one of getting properly equipped leaders. The time is certainly near at hand when extension work of some appreciable kind is to be done by the strong and active centres of our association. We have fully realized that there is great ignorance on the part of the general public as to the principles of banking, but it is a new turn of events which makes the American Institute of Banking the organization which is to take the matter in hand. If you have an effective debating and public speaking department, do you not see how easily and well you can do your part? What is needed is men of knowledge, plus the ability to impart that knowledge.

CHICAGO-PHILADELPHIA DEBATE AT DALLAS

ON Wednesday afternoon, September 23d, the entire session was given over to a debate between teams representing Chicago and Philadelphia Chapters, the subject being "Resolved that Federal Government ownership of the Telephone and Telegraph lines would be for the best interests of the country." All the speakers gave evidence of careful preparation and the oratorical ability displayed by the debaters was of high order. Philadelphia Chapter, supporting the negative, received the decision of the judges.

The direct presentation speeches follow:

Bruce Baird for the Affirmative.

The question for our discussion is, RESOLVED, that Federal Government Ownership of the Telegraph and Telephone would be for the best interest of the country.

Do you realize, Honorable Judges, that we are the only first class nation in the world that has private ownership of the Telegraph and Telephone? All the great powers of the Old World, Germany, the scientific; England, the enterprising; France, the ingenious and polished; Russia, the huge and despotic; Japan, the aggressive; and even China, the ancient, all these and every other important nation you can name except the United States of America enjoys public ownership of these great public utilities. The only nations in all the world that now endure private ownership of the Telegraph and Telephone are Bolivia, Cypress, Cuba, Hawaii, Honduras, and the United States of America. Can it be possible, Honorable Judges, that we are right in this respect, and all the rest of the civilized world is wrong? No, Gentlemen, the truth is that we have been so wealthy as a people and so negligent in the development of governmental powers in the direction of freeing the people from exorbitant rates, that we have permitted private ownership to become so powerful as now to question the right of that same Government private ownership the right to be, to assume its rightful prerogative. I shall prove to you, Honorable Judges, that Federal Government Ownership is now a practical and successful mode of operation in the United States. This is no new and untried idea. Up to 1845 our Government did own and control all means for the transmission of intelligence. It was the money of the Government, the money of the people, that first made the Telegraph a practical success in America. The law of 1866 recommends and states explicitly the intention of the Federal Government to re-possess the Telegraph, and if the Telegraph and Telephone had existed at the time of the founding of our post-office, who is there here that will doubt for a moment that these great inventions would now belong to the Federal Government?

Federal Ownership is now, Honorable Judges, exemplified in our Federal post-office, an institution the efficiency of which is renowned throughout the world. The post-office department can be likened to the arteries of the human system in the proper performance of the duty pertaining to this great department. It reaches into every nook and corner of this country. It comes nearer and closer to the people than any other department of the Government. Its officials and employees come into contact with every business, with every society, with every organization, with every home. Its financial organization runs into hundreds of millions of dollars, business, commerce, religion, education—all depend upon it to carry out these various functions. It reaches everywhere, and assists every citizen, be he great or small, in carrying out his duties and fulfilling his obligations. We are all daily dependent upon it for the success of our business enterprises, for the education of our children, and for the happiness and comfort of all our people. If we should suspend the operation of the post-office

for one day, we should be completely bewildered. It does not cease its work and its operation when nightfall empties the counting-houses, closes up business offices, empties schools, and drives the busy from our crowded streets, but while we are slumbering in peace, recruiting and renewing our strength for a new day, its employees and faithful servants are toiling during the weary hours in the performance of their various duties, separating on busy railroad trains or in countless city post-offices, the millions of messages and documents that shall in the coming morning be promptly placed in the hands of millions of citizens. According to Postmaster-General Burleson last year the United States mail carried approximately seventeen billions of pieces of matter, which is more than twice as much as any other two nations carried in the same length of time and averages sixty-six pieces of printed matter per capita, while the rest of the world averages only seven pieces per capita. During the past year there were ten carloads of postal-cards mailed from Atlantic City alone. These instances alone show the magnitude of the system, and I have in my hand a letter from a high bank official of the City of Chicago which proves the efficiency of the service. He says during the last twenty-five years the New York letter of my bank has not failed once to reach the desk of the New York bank cashier within a few hours of its scheduled time of arrival, and, Honorable Judges, this seems even more marvelous when we stop to consider that the rates of the postal service of this country are lower, with the exception of Japan, than any other nation in the world. The Government can own and operate the Telephone and Telegraph just as efficiently as it operates the post-office.

Honorable Judges, our honorable opponent will reply that this efficiency is due to private enterprise of the railroad. We call your attention, Honorable Judges, to the fact that railroads are under contract with the Government for the prompt delivery of mail, and are penalized for breaking their contract. The relation of the railroad to the government is identical to that of the mail carrier to the government. The credit for this efficiency, therefore, is not due to the railroads, but to the Government that compels such splendid efficiency.

The Postal Savings Bank is another good example of the ability of the Government to promote a large project in a capable and economical manner; it is only an infant in age, still a giant in size; it has been in existence only a little over three years, yet its deposits run into something over forty millions of dollars. This great project is destined to be of greater benefit to certain classes of our people than even the post-office; it gives to the people of this country an opportunity to deposit their savings with a bank that is owned and controlled and guaranteed by the Government itself. This bank since its inception has drawn millions of dollars from the humbler classes of our population who were in the habit of hoarding it. We have in this country people who are suspicious of our banks, but who have confidence in our Government. They refuse to deposit their savings in savings banks, but are willing to give it to the Government for safe-keeping, thereby putting millions of dollars, some of which has lain dormant for years back, into circulation. The Postal Savings Bank began operations on January 3, 1911. On June 30, 1912, or eighteen months later, its deposits amounted to 20,237,000 dollars, while on April 1, 1914, or thirty-nine months from the time it began operations, its deposits amounted to 42,300,000 dollars, or an average increase of more than a million dollars a month in deposits. Again, Honorable Judges, I call your attention to the fact that the Government can own and operate the Telegraph and Telephone just as efficiently as it operates the Postal Savings Bank.

In this connection we call your attention, Honorable Judges, to this great point: That the masses of the people are waiting to avail themselves of the very facilities of our Government just as soon as opportunity presents itself. The Weather Bureau and the experimental station are two more good examples of Federal ownership, the duties of which are known to you all. Honorable Judges, let me call your atten-

tion to another great undertaking which the Government has just successfully finished. Is there a man in this audience who doubts for a minute that the Panama Canal is a success, is there one among you who would hesitate for a moment to put his stamp of approval on this gigantic engineering feat which the Government has just accomplished, an undertaking which two great European powers tried, only to fail? England and France both attempted to build a canal on the Isthmus only to meet with difficulties which forced them to give up. Then the United States, with those qualities that are known the world over as the "American intelligence and the American Push," built a canal across the Isthmus of Panama which commands the admiration of the world. This gigantic undertaking, considered by many to be the greatest engineering feat ever accomplished, cost four hundred million dollars, and took us years to build. Bear in mind that every pessimistic and adverse prophecy has failed, owing to the genius, energy, and integrity of our Federal Government Agency. Yet again I call your attention to the fact that the Government can own and operate the Telegraph and Telephone just as efficiently as it built the Panama Canal.

This leads me, Honorable Judges, to the fourth and most recent success of our Government in accomplishing great projects for the good of the people of this country. The Parcel Post, in the short time of its existence, has expanded so rapidly and so broadly that it caused one Express Company to dissolve, and the other Companies to reduce their rates, to meet the rates of the Parcel Post. It has proven by actual test to be faster than Express Companies, and cheaper by nearly one-half. A parcel was sent from Washington to Chicago by Parcel Post on January 1, 1914. It left Washington at 10:45 a. m., and arrived at Chicago January 2d at 4:20 p. m., costing thirty-eight cents. A package of the same nature left Washington by Adams Express January 1st at 11:00 a. m., and arrived at Chicago January 3d at 10:40 a. m., costing 70 cents. Parcel Post arrived eighteen hours and twenty-four minutes ahead of the express package, and cost thirty-two cents less, and this is only one case of many such cases. The first year Parcel Post carried six hundred million packages, which is more than twice as much as the fourth class mail carried the year before. The first six months, when postal-savings stamps were used, the public patronized to the extent of fourteen millions of dollars, and, Honorable Judges, out of the first forty million packages carried not a single claim for damages resulted. This shows the magnitude and efficiency of the service. Suffice to say that with these low rates, the profit for the first year amounted to thirty millions of dollars to our Government. Still again I call your attention to the fact that the Government can own and operate the Telegraph and Telephone just as efficiently as it operates the Parcel Post.

In these gigantic undertakings, our Federal Government has learned these two great lessons: First, that it is possible to accomplish great tasks without political interference, there has not been the slightest political ferment in the Canal Zone; Second, that there is no task too great for American Energy and American Brains to perform within the wide range of our National duties.

Paul B. Detwiler for the Negative.

We firmly deny that the transference of ownership of our telephone and telegraph lines to the Federal Government will, in any way, be for the best interests of the country. On the other hand we contend that such action is entirely unnecessary, and the effects would be harmful.

Our opponents ignore completely the difference in conditions existing in Europe and in America and, on the ground that the best interests of the country would be served, propose to copy the "old world method" of ownership and operation and turn over our great systems of electrical communication to the Federal Government.

Our public utilities have been developed by means of private capital and enterprise and to-day are

being operated successfully and with satisfaction to all, by private corporations. It is to the energy and brains of its citizens that the United States owes its present prominent position in the commercial and scientific world.

The two greatest leaders in telephone and telegraph experiments were Americans. To Bell and to Morse the world owes a great debt for their work in the field of electrical communication. But it remained for private capital and initiative to develop what they discovered, and to bring these two great public utilities to their present high state of efficiency in this country.

In the old world, conditions have been vastly different. There, monarchies rule, needs of State are uppermost, the military must be in a state of constant preparedness for war, and all means of rapid communication must be under the direct control of the various governments. The telegraph and telephone were early seized by France, Germany, Russia and the other nations of Europe and developed and operated chiefly for military purposes.

The most notable exception to this rule was in Great Britain, a nation in which militarism is not as rampant as on the Continent. The telephone was in the hands of the National Telephone Co., a private corporation. So successful was this company in comparison with the government owned telegraph system that Parliament deemed it best to secure the telephone lines as well, and accordingly took them over in 1911.

With the exception of a few lines in Denmark, Sweden, Norway and Switzerland, the telephone and telegraph are government owned and operated throughout Europe to-day.

But in this country with its democratic form of government, its freedom from militarism, its tremendous commercial needs and its love of freedom, we should not attempt to copy a system in use in other lands which are quite different in every way from our own.

We have the best system in the world and we should not jeopardize our chances of keeping it the best by brushing aside the men who have made it what it is and turning it over to the government to be in the future the prey of political parties and the basis for further government ownership propaganda.

As individuals we would soon feel the effects of such a change. The service would deteriorate, the rates would be no cheaper, and the development of the system would be greatly retarded.

As a nation the effects upon us would be harmful. Government ownership is not in accord with our idea of government; the primary functions of government would be interfered with; increased opportunities for political corruption and abuses would be opened and we would be facing an undemocratic tendency toward centralization and bureaucracy.

Should there be any evils which need correcting or should there be any in the future we have means at our command to secure redress. Reference is made to the National and State Commissions, the powers of which are constantly being increased, and their influence and authority being broadened.

Now, gentlemen, as telephone and telegraph users let us look for a few moments at the service which we are getting now, compare it with that which other countries have, and consider what ours would be under government ownership. Leaving the other arguments to my colleagues I will devote the balance of my time to the point of efficiency in service.

In handling this portion of the subject if I seem to dwell more upon the telephone than the telegraph it is because we are more intimately connected with the former. Taking the total number of messages of all kinds in this country—

40.1 per cent are sent by mail
59.5 per cent are sent by telephone
0.4 per cent are sent by telegraph.

You can readily see the tremendous use of the telephone compared with the telegraph. Hence my emphasis upon the former utility.

Let me quote you an extract from British Parliamentary Debates Official Reports June, 1911. Mr. Herbert Samuel, who in the capacity of Postmaster

of Great Britain, had charge of the telephone and telegraph systems, says this:

We have been closely watching the development of the telephone system in the United States—the country which was its original home and where it has reached its highest development. For many years representatives of my department have been visiting the United States in order to acquire information there. The head of the telephone branch of the Post Office has been to the United States and the Chief Engineer has also made an exhaustive study there. The telephone traffic manager has only just returned. We have established a system of traveling scholarships for Post Office engineers which will enable them to go over to the United States for considerable periods in order to make a minute study of the telephone in that country.

That is what the head of the telephones in Great Britain thinks of us. Their government owned system is trying to copy the methods of our privately owned one. Read the account of the debate in the House of Commons on Post Office Estimates April 24, 1913. There you will find long accounts of slow service and mismanagement too numerous to give here in a limited time.

Go to the Continent of Europe and investigate the telephone and telegraph there. Look first at France and Germany.

We find this in the Report on the French Budget for Posts and Telegraphs, 1907:

The telephonic situation of our great French cities is mediocre, not only with regard to the relatively small numbers of subscribers but also and perhaps even more so with regard to the uncertainty of connection. The average time of connections between two subscribers in Paris is 1 minute, 50 seconds. In America the time that elapses between the subscriber's call and the moment he obtains connection is at most 16 or 17 seconds. The difference is appreciable.

We find the following in the debate in the German Reichstag on the Postal Budget, Feb. 28, 1913:

The complaint is made of the long time that a subscriber must wait in order to get long distance connections especially connections between the west and the more central parts of the country, between Dusseldorf and Berlin. For years the Imperial Post Office has been acquainted with these complaints. In 1910 it was proved that the average time of waiting to be connected by telephone between Dusseldorf and Berlin was still over one hour and the average between Dusseldorf and Manheim, Dortmund and Cologne was 44-39 and 34 minutes, respectively. The average time now to get a connection with Berlin is 1½ hours. Our business life and trade suffer considerably on account of this lack of telephone facilities.

In order to get a long distance call in France it is necessary that your name be put upon a waiting list. It is no uncommon occurrence to have to wait 10, or even 12 hours for a chance to get your party.

These facts are all taken from official records. They are not isolated cases of poor service such as might happen to you or to me even in this country, but they are the results of investigation of the universal poor service in Europe.

The average time to get a local call in the United States is 16 or 17 seconds, to get a long distance call it is 5½ minutes. In New York City this time is reduced to 11 seconds on local calls and between such cities as New York and Philadelphia the long distance connection requires only 70 seconds to make.

We all know the speed with which telegrams are transmitted in this country. But think of 6 hours to send a message from Paris to Rome, two great capitals of Europe. Forty minutes from the time it is received until it is given to a messenger. Eight hours and a half to transmit a message from Leipzig

to Paris. How long would we stand for such service in this country?

Another point in favor of our service is the fact that you can telephone or telegraph day or night. Furthermore you can deliver a telegram by means of the telephone. In Germany out of 48,167 offices only 621 give permanent service. Out of 4,717 offices in Austria only 58 are open at all hours. Sweden can boast of only 75 exchanges out of a total of 2,064 which give service at all hours.

Truly, we are in a class by ourselves when it comes to the point of service in these great public utilities. Private ownership is giving it to us. What would be the result of government ownership? Foreign governments do not give good service; ours would not. Germany has poor service not because of the German government; France not because of the French government, we would not have good service, not because of Uncle Sam. The reason lies deeper than in any particular form of government. It is this; the sheer inappropriateness of governmental machinery to the management of a commercial utility upon a commercial basis; an inherent defect not peculiar to Germany or to France or to the U. S., but simply governmental.

No government has been able to escape the natural law that all organisms, political as well as individual, have a definite limitation of function stamped upon them, beyond which they cannot go save with harm to themselves and others.

Because of this principle and because of evidences we see on all sides we claim that the U. S. would not succeed any better than other governments have, and the efforts of the Federal government would fall far short of those of our private companies.

The first piece of evidence I wish to submit is this—

In the report to the Postmaster-General of the special committee of the Post Office Department—which report was endorsed by the Postmaster-General and recently submitted to the Senate—speaking of the acquisition of long-distance lines, the report says:

"Few engineering difficulties would be encountered in the acquisition and operation of the long-distance lines as a separate system. They are in excellent condition and are maintained and operated by skilled employees, SOME OF WHOM IT MIGHT BE ADVISABLE FOR THE GOVERNMENT TO RETAIN AT LEAST UNTIL THE CONSOLIDATION OF POST AND TELEPHONE OFFICES WILL PERMIT THE POSTMASTER-GENERAL TO MAKE CHANGES IN THE PERSONNEL."

How does that sound to you?

And a couple of pages farther on, in speaking of the acquisition of the smaller exchanges themselves, the report says:

"These switchboards are simple and no great technical knowledge is required to operate them. The operator might perform other duties according to the number of calls per day. The lineman or inspector would keep the lines and equipment in working order AND A POST OFFICE EMPLOYEE COULD EASILY BE TAUGHT TO MANIPULATE THE BOARD."

Surely they do not rate the work of an operator very highly!

In another place, in speaking of the ease with which the two services—that is to say, the Post Office service and the telephone service—could be merged and operated by the Government, the report says:

"It would be feasible to transfer a large number of the telephone offices to Post Office buildings and thus greatly reduce the aggregate expense per quarters. FURTHERMORE, AS THE MAJORITY OF THE TELEPHONE EMPLOYEES ARE OPERATORS, WHO REQUIRE NO SPECIAL TECHNICAL TRAINING, THE MERGING OF THE TWO FORCES WOULD RESULT IN A MATERIAL REDUCTION IN THE TOTAL NUMBER OF EMPLOYEES REQUIRED."

That is the way in which the U. S. Government would begin to operate the system. Do you think efficiency would be gained by such a method? The linemen, traffic managers and superintendents are all men trained in the service, a large percentage of whom draw more pay than the government would ever give. The girl operators all have to undergo thorough training before being allowed to operate a switchboard. But the Post Office department does not recognize all this. "Retain some of them" it says; "at least until the Postmaster-General can make changes in the personnel." What kind of changes would be made? Political, of course! Those who have served the party in power faithfully and well, would be given jobs. Who can deny it?

The employees of the present companies who would be retained could not be expected to give the same kind of service. The same man is a different individual according to whether he is accountable to a private employer or to the Federal Government.

Working for a private employer his labors are rewarded by advances in both pay and position, his spirit of initiative is encouraged and he has constantly before him the heights to which he may climb, if he will but exert himself.

This spirit of initiative is killed in public employ. The salary is fixed. There is a dead line drawn in front of a man beyond which he cannot go. The higher positions are political plums, rewards for political activity. No special training necessary, just hard work for the party in power.

Witness the appointments of Postmasters, heads of government departments of all kinds, and of government institutions, such as the Mints. They are all purely political. These changes and the decreased pay and chances for promotion will surely cause a decline in efficiency.

The matter of appropriations would have a decided effect upon the efficiency of service. Not a bit of government work could be done, not a dollar spent, without some definite appropriation therefor. The voting of money is as a rule governed not so much by the actual needs of the service as by the political needs of the moment.

It is common knowledge that the money allowed for the actual needs of certain departments of the government is cut down enormously in the appropriation bills despite the urgent appeals of men who know whereof they speak. Money is at the same time scattered right and left in building \$100,000 Post Offices in towns of 1,000 inhabitants or in deepening a channel in a stream upon which the only traffic is that of tug-boats or barges.

Sudden emergencies are always taken care of promptly by the Bell or Western Union Companies, but the government would always have to secure extra appropriations for restoration of service after a blizzard such as we had in the East last winter, or after the floods in Ohio.

New inventions and appliances for the betterment of the service are constantly being adopted but would the government do so? Look at the government printing office. They still use old fashioned hand presses because more of the party's friends can be given jobs. The government has always been the last to adopt new ideas and methods.

Let me quote from an editorial in the "London Daily Mail" Jan. 2, 1914:

"Why is it that Government ownership and management of the telephones is practically always a failure? Why is it that for every thousand Europeans there is only one telephone while for every thousand Americans there are fifteen? Why is it that the country which has done most to improve the telephone, both technically and commercially, and to popularize its use is the country in which its operation and development have been, and still are, exclusively the work of private enterprise? Why is it that not one of the innumerable discoveries that have transformed the telephone industry in the last thirty years has emanated from a Department of State, that European governments have been the last to adopt them, and that the verdict which experts are

obliged to pass upon them, with, perhaps, two partial exceptions, is that they have not learned their business? Why is it that there are great and famous towns in Europe at this moment where methods and machinery that were abandoned twenty years ago in America are still in use? Why is it that throughout the length and breadth of Great Britain and the Continent hardly a single efficient long-distance service is to be found? Why is it that in New York one can invariably get the number one wants, and get it at once, while in London one has often to wage a prolonged and embittering battle with a slow operator, insufficient lines, and a conversation—if any conversation ensues—that is only audible when it is interrupted?

"The broad answer to all these questions is that the alertness and enterprise that are essential to telephone development cannot be expected from a Government Department. The characteristics of the bureaucratic mind and temperament forbid it. The organization of a Government office, with a virtually irremovable staff, forbids it. The spirit of officialdom, with its traditions of subordination, its narrow professional outlook, its unwillingness to concentrate responsibility, its insensible stifling of initiative, forbids it. A Government Department cannot raise and discipline its staff to the same level of efficiency as a commercial company; it cannot act with the same freedom and directness as a private board; it cannot pursue a business object without deference to a hundred influences and considerations that have nothing to do with business; it cannot advertise with anything like the same boldness; it naturally seeks efficiency through economy instead of economy through efficiency; it has to think of politics and political reactions; its whole constitution prevents it from proving as enterprising as private initiative, as prompt to discard obsolete methods and apparatus, as quick to adopt new inventions, as skillful and aggressive in gathering in subscribers."

With the writer of this editorial we heartily agree and we feel that if we want to serve the best interests of this country, both as to us as individuals and as a nation, we will leave the telephone and telegraph system under the present capable and efficient ownership and management.

Herbert C. Roer for the Affirmative.

Mr. Chairman, Honorable Judges, etc.: You have heard the question, "Resolved, That Federal Government Ownership of the Telephone and Telegraph is for the best interest of the Country."

You have heard also of government efficiency, which shall be brought to your attention again a little later.

Now let us examine this question thoroughly and in the true American spirit consider it carefully from the standpoint of the people, for the best interest of the country means the best interest of its people. Not a select and favored few, but the great and important majority.

Bearing this in mind, we must reach our conclusion by careful and conscientious research, by unbiased logical reasoning, cold analyses and every other process whereby the facts in the case may be presented in such a manner that you can decide whether the best interest of the country, which is the people, and are served by the present arrangement or any other possible arrangement under private ownership and its principles, or whether we shall call upon the Federal Government.

My worthy colleague has proved to you that Federal Government ownership is not a new and untried policy. He has also proved to you that it is efficient. The question is, whether this Government efficiency which has served the people so effectively for many years in the mentioned departments shall be extended to the electrical transmission of intelligence.

Intelligence is knowledge, and knowledge is

power, and the value of our people and to our nation of the instantaneous conveying of knowledge is beyond comprehension.

My colleague failed to mention the public schools.

We are proud of the fact that our Government owns and maintains our school systems for the diffusion of knowledge among the youth of America. The telephone and telegraph in our business and social life to-day are greater instrumentalities for spreading the knowledge of current history than are our public schools.

It is just as important, therefore, that the Government own and control the telephone and telegraph as it is that the Government retain its dominion over our school systems.

The telephone and telegraph are great public utilities, neither excelled nor exceeded in point of their possibilities under Federal ownership.

They are of such great importance in the commercial world that any inefficiency or extortion in rates cripples business. The same is equally true in the social sense. The record of private ownership to date clearly shows that business has been curtailed and the vital interests of the people ignored, as can be seen from the following charges, which have never been disproved:

First. Overcapitalization has made it necessary to keep up rates to pay dividends on watered stock.

Second. Not only are rates high, but discriminations are numerous and galling.

Third. Much unnecessary wastes exist—duplication of lines, duplication of offices, duplication of systems, all these mean vast economic waste.

Fourth. Vast fortunes have been permitted to accumulate in the hands of a few. Daniel Webster said, "That liberty can not long endure where there is a tendency for wealth to accumulate in the hands of a few."

Fifth. Lobbying.—One of the highest officials admits that by a liberal use of franks among Congressmen and others in authority, many times the cost of the franks were saved by his company.

Sixth. Restricted Service.—The telephone and telegraph have become an indispensable aid to business and a means of social intercourse, to which all classes properly aspire. Private ownership has not made these facilities available to all the people; whole communities have been denied these utilities in the name of profit.

If these utilities are good for part of the people, they are good for all of the people.

The needs of the people have not been supplied, although the coffers of the companies have been repeatedly refilled.

It was these same identical charges that were lodged against the express companies, and denied by them, that resulted in the parcel post and the demonstration by the Government that the needs of its people must be fulfilled.

If the above charges were untrue, if the companies had been less autocratic or more considerate of the best interest of the country by rendering efficient service at consistent rates, no propaganda for Federal ownership of these utilities could have endured.

But the telephone and telegraph companies, like the express companies, have failed. They have failed in administering this trust from its inception and through the stages of smaller units of the present time when it is fast becoming a monopoly and the people demanding a more ideal service.

Can we view with placid unconcern the merging of these utilities into one giant monopoly in private hands?

For it is inevitable, the handwriting is on the wall. The science of economy points directly to monopoly of these utilities as the only positive method of reducing the cost of maintenance and operation to the minimum.

When the cost of maintenance and operation is reduced to the minimum, the minimum cost to the people is made possible.

There is no dispute regarding this statement; even President Theodore N. Vail sends a signed message broadcast over the country, stating that the

best results, which means the highest degree of service at the lowest cost to the people, is only possible through a unified whole, a centralized general staff, avoiding duplication of effort, working out problems common to all the people for the benefit of all the people. He further says that there should be a telephone to every man's house under common control. That this control must be sufficiently strong, practically one system, intercommunicating, interdependent, universal.

We call your attention, Honorable Judges, to the fact that a huge private corporation, embracing and controlling either or both of these utilities, in order to serve all of the people of the United States effectively, efficiently and economically, must be so large and so powerful that its very nature and magnitude would be a source of serious embarrassment to our Federal Government.

Yet the statements of President Vail of the Western Union and the monster telephone interests show his expressed policy to be to develop such an overwhelming monopoly.

As the owners, users, scientists, economists and public leaders recognize the monopolistic nature of these utilities and the great benefits possible therefrom, and that a unified ownership is inevitable, we must do one of two things:

Permit the ownership and control of such a gigantic monopoly in private hands, or place these utilities under Federal ownership. Shall the purpose of such monopoly be private gain or public good?

We contend for a Government monopoly and shall prove conclusively that it is the desired solution of this vexing problem, from every standpoint save from those who are now enjoying dividends either directly or indirectly from these great public necessities of our daily life.

First. Labor.—There is nothing in the history of our country as a fitting precedent to assume that the United States would lower the wages of the employees of the telephone and telegraph companies were they to come under Federal Government ownership.

Second. Improving the Service.—Do you believe that a government that maintains the Weather Bureau, Post Office, Parcel Post, Postal Savings, public schools, which my colleague failed to mention, and the experimental stations for agriculture would neglect the telephone and telegraph which are so vitally impaled with its every other department and thereby impair the integrity of the Government itself? The history of the above bureaus, to say nothing more, would disprove any such contention.

Third. Cost to the People.—Do you believe that the nation that has given its people the cheapest postal service in the world, with one exception, would turn from the principle of giving transmission of intelligence at cost or less than cost?

Fourth. Management and Efficiency.—Do you believe that this Government of ours, that built the canal when others failed, that gave us the parcel post which forced one private express company to liquidate because they found it impossible to meet this new competition, could not organize a management as efficient as any on earth? And this management would not have to figure a big margin over net cost for dividends, legal fees, etc. Are you afraid to trust the Government that took the distribution of the mail from private hands and immediately operated this service at a smaller cost and give the benefit of the smaller cost of operation to the people?

The record of private interests in the transmission of intelligence has been presented to you, also the record of improved Government ownership. Surely there is no questioning the ability or the efficiency of the Government, for you challenge thereby its stability. Do you deny to the whole what you affirm to a part, for the private interests are but part of the people and our Federal Government is the people?

In closing, let us bring to your attention the great truth you already know. It is this, that monopoly of these utilities is the only method that can reduce the cost of operation and maintenance to the minimum. As that is true without a question of doubt, as shown by the eminent authorities whose in-

tegrity is beyond question, we come a step nearer: "Shall this monopoly be a private monopoly or a Government monopoly?"

If we permit a private monopoly, which can attain the benefits of reducing the cost of operation and maintenance to the minimum, what assurance have we that the cost to the people will be reduced to such an extent as to make these utilities available to the people? Or worse still, what assurance have we that, once they are a monopoly, that they can remain so in the face of the law? For we are fully aware that the Sherman Anti-Trust Law strictly forbids monopoly. We are also fully aware that this law has been declared constitutional by the Supreme Court of the United States. We are also fully aware that it is the purpose of our Government to enforce this law. We are also fully aware that the provisions of this law will not be invoked until there is a monopoly.

Shall we, then, permit a private monopoly that at best can only promise benefits for a short time? Shall we permit a private monopoly that the Government can force to unscramble and thereby retard the development of these utilities?

Are we going to invite a private monopoly for a few questionable benefits when it is within our power to have greater benefits permanently by calling upon the Federal Government, which alone has the power to exert a monopoly?

If not, then let us call upon our Government to serve its people by giving them the best telephone and telegraph service at the lowest possible cost.

They are better fitted to render this service than private interest, because:

First. The Government is the only one empowered to have a complete monopoly, and because of this power is the only one enabled to reduce the cost of maintenance and operation to the minimum.

Second. The Government is the only agency known that transmits intelligence to the people at cost or less than cost, and because this is true is the only agency naturally fitted to render this service.

Third. It will give service to all the people on an equitable basis. In other words, there will be no discrimination as at present.

Fourth. It will not maintain duplications of offices, duplication of systems, etc., which will mean a vast economic saving.

Fifth. It will prevent vast fortunes from accumulating in the hands of a few, as these utilities will not be run for profit, but to serve the people.

Sixth. Lobbying will cease, because the object of lobbying will cease to exist.

Seventh. It will mean that restricted service will be a thing of the past. The needs of the people will be supplied. It will place at every man's door adequate telephone and telegraph service at cost price or less than cost which private interests cannot do. It will mean, gentlemen, giving to our people (and who wishes to withhold it from them) the best telephone service in the world.

Robert M. Frey for the Negative.

Gentlemen: The question before us for discussion involves a change in the ownership and management of the telephone and telegraph lines. Why, then, is this change asked for or desired? Well, it must be for either one of two reasons or both—first, more efficient or better service, or secondly, cheaper rates.

There has been held out to us by the affirmative the promise of increased efficiency and continued expansion of the service, lower rates, and a complete economic advantage to the nation under Government ownership of these lines. Is this, then within the realms of probability?

All that we believe we need is a careful consideration of the question. We must approach this thing in a calm and deliberate manner and along the broad lines of the greatest benefit to the public. There is to be no quibbling and the issue is squarely met.

We of the negative contend that:

1. The institutional efficiency and quality of American service is superior to that of any governmental system.

2. Considering the different types of service and varying conditions, the rates in this country are lower

than in foreign countries under government management, and without regard to the limited hours of service in the foreign exchanges.

The rates of the Bell system for toll service are considerably lower than those of foreign governments, due to the fact that the foreign rates are particularly high for short distances where the bulk of the toll traffic, both abroad and in the United States, is transacted.

3. The development of the telegraph service in the United States is higher than in most foreign countries, and in all cases where the development of the telegraph service in foreign countries is greater than that in the United States, the foreign development is clearly due to the fact that the development of local and short haul telephone business has been so low that a large part of the business normally transacted by telephone in the United States is in those countries transacted by telegraph. The development of service, both in terms of traffic per capita and of telephone per one hundred population, is very much greater than under government operation; and this is not due to differences in the character of American and foreign peoples, since the American development is equalled in Europe in those cases where private concerns have had a reasonable opportunity for the development of the utility.

4. We maintain that Government regulation of telephone and telegraph lines is more desirable and beneficial than ownership.

A favorite method of making comparisons is to take a big city, say like New York, and take your maximum business measured rate, and then stick that up on your flag and move it around as the New York rate, and compare that rate with the smallest possible rate in other cities, and then talk about extortionate and unfair rates. Now what is the use of comparing rates this way? It is not fair; it is not honest, because the idea is not, What is the rate for one particular kind of service? but, What do the people of that city pay for telephone service? You have got to take into account not only the size of the exchanges, but the number of subscribers using the service, and, above all, the average rate paid. And if you do that you find some such comparisons as these:

The minimum rate in The Hague is \$24. In San Antonio, Tex., an exchange of about the same size, it is \$18. Seventy-eight per cent. of the San Antonio subscribers pay not more than the minimum rate in The Hague, and most of them pay less.

The Omaha, Neb., exchange has about the same number of subscribers as Tokio (you will remember Tokio). Seventy-nine per cent. of the subscribers pay less than the minimum rate in Tokio.

Now Paris has been mentioned and compared, for example, with New York City, an exchange about five times as big, and, of course, the \$228 rate, the highest possible, was picked out for New York. It doesn't matter that only one-quarter to one-half of one per cent. pay the rate quoted or more, or it would not matter if nobody paid the rate quoted—use it just the same, because it sounds bad for the Bell. Well, now, suppose we compare Paris with New York. The only rate available in Paris is \$77.20—and don't forget you have got to buy your instrument in addition. Seventy-nine per cent. of the subscribers in New York City pay less than the Paris rate. Ten per cent. of the Philadelphia subscribers and 91 per cent. of the Chicago subscribers pay less than the only rate available in Paris.

Now, if you get down to the smaller places of this country and abroad, you would find practically no comparison. The foreign rates are, as you will see if you look into that study that I have mentioned to you before, for the smaller places much higher than the corresponding rates in this country.

In fact, in many cases practically prohibitive, which explains the impoverished rural development under the government telephone systems.

My colleague, Mr. Detwiler, has clearly pointed out and demonstrated the unequalled efficiency and the superior quality of the American service.

I shall now discuss, in the brief time allotted me, the subject of rates and development of the telephone and telegraph lines.

And now as to the comparisons of rates which the affirmative have made. We all know how easy it is to prove anything by stretching statistics this way or that.

Figures are rather dry at best, and we will endeavor to use them as little as possible; but I wish to say that we have a study of comparisons along these lines, and all figures which we may quote have been obtained from strictly official sources.

Fair comparisons of rates are very difficult to make, because the systems of basing the rates are different. It would be possible to show figures from which it would appear that the rates are only one-quarter here what they are in Europe. Then the next man might come along and present other figures which would indicate that the rates are four times as high here as they are in Europe. In both cases the figures would be correct, though as much could not be said for the deductions. It is just as though some one should say that, because one kind of an automobile costs \$5,000 in this country and another kind costs \$500 in Europe, the cost of automobiles in the United States is ten times as high as it is abroad. This man is entirely overlooking the fact that a very respectable automobile can be bought in this country for \$500 and that many foreign machines cost well over \$5,000, and would find his statement subject to controversy. What must be determined in comparisons of this source is the average price or average rate.

Now, the average revenue per telephone in this country is less than the average revenue for a telephone in Europe—(Powers, S. L.). The real average cost of telephone service per year to a subscriber in the United States and in European countries, based on official reports and taking into consideration the relative purchasing power of money as shown by operators' wages in this country and in Europe, is approximately \$32 for the United States, \$43 for Switzerland, Finland and the Netherlands, \$66 for Sweden, \$68 for Denmark, \$69 for Norway, \$70 for Great Britain, \$73 for the German Empire, \$82 for Russia, \$90 for France, and even higher figures for the other continental countries.

Now a telephone, broadly speaking, is both more useful and more costly in proportion as it connects with other instruments. It would be impossible to give me my country telephone at fifteen dollars a year if there were three hundred thousand other telephones in the county with any one of which I might wish a connection at any time. Comparisons of rates means nothing without comparison of conditions. By statistically comparing the one and not the other you can get any sort of result you like. You can take American flat rates—unlimited service—and compare them with foreign measured rates, or vice versa, and get statistics that look important until they are analyzed.

Now, of course, I have not told you the whole story in rate comparisons. What good are rate comparisons if you do not consider what you get for your money? I am not talking now about the quality of the service, which, as any one knows who has traveled abroad, is for the most part much inferior to American telephone service. I am talking now about the length of hours during which Switzerland, for example—96 per cent. of the exchanges in Switzerland close two hours for lunch; then open again until 6 p. m.; then close two hours for tea; then, to show that they are not so bad after all, they open at 8 and stay open until 8.30 p. m., then put up the shutters for the night. Would Dallas stand for this kind of "service"?

Toll rates in Europe and America can be compared as to cheapness only after a consideration of the extent, quality, accuracy and rapidity of communication afforded.

It is claimed that telephone toll and long distance charges of the Bell system are excessive as compared with the government-owned plants of Europe. This is not the fact if the service given is considered. The charge for the immediate service, which is the ordinary service given by the Bell system, is higher than for the ordinary service, which is a deferred service, given by those systems, but it is not higher

than their charge for immediate service; where immediate service is given, if at all, it is from two to three times that for ordinary.

Our plant in this country is built and operated on the "No Delay" basis. Our rates in this country cover the best service only. We do not have to get an assignment and in the event of not being on the spot being charged anyhow.

And then in foreign countries they have another difference, a vastly important one, between their method of charging and our method of charging here in this country. Our rates, except as to nearby points, are got up on what is known as the "particular person" basis. In other words, if you want a long distance call, you are charged only if you get the party you want. This is not true of the foreign systems. They have there what is known as the "two number" basis—that is, they give you the connection, you do the talking—if you can—and whether you talk to the party you want, or the office boy, or the janitor, or to no one at all, they charge you, because they have given you the connection. They sell you the connection, but they do not guarantee to sell you the conversation you want.

Now, then, when comparing our toll rates we must also bear in mind that from 70 to 80 per cent. of all toll traffic moves within a radius of from thirty to fifty miles, and within this radius it is found that our rates are less than half those of Europe for corresponding distances. At distant rates our points are a little higher and they can afford to charge almost nothing for the rare conversation for long distances, as they charge three or four times as much for the short distances, where the bulk of the traffic falls. We realize that for long distances the telegraph cannot be approached for economy by the telephone because of the terrific cost of tying up lines.

A thorough study of all available reports and official information on the operations of government-owned and operated telephones and telegraphs shows that while in some countries the post office proper pays a revenue, the combined telegraph and telephone are without exception operated at a deficit. Great Britain's deficit last year was nearly \$5,000,000.

In making telegraph comparisons we find the words in the address and signature are counted and charged for in Europe, and sent free in the United States. The wages paid operators in the United States are double those paid in Europe. If these differences are considered, the telegraph rates in Europe for short distances are little, if any, less than in the United States, while for long distances the rates in Europe are decidedly higher, and moreover the subscriber there does not pay the full cost, as the government systems are run at a deficit which must be made up by taxation.

In no case can it be said that the European users pay lower rates and get the same service that we do. In no case does the service measure up to the American standard, and this is true even when the whole people are taxed for the benefit of comparatively few.

The familiar cry of "cheap rates" under Government ownership is misleading. It is no panacea for rates; foreign government telephone systems are constantly harassed by rate dissatisfaction, which is aggravated by political pressure. The doctrine "political might makes right" renders impossible a fair and equitable adjustment of rates under Government ownership. Governments do not operate as cheaply as private companies, and cannot give cheaper rates without cheapening the service or producing a deficit. Deficits must be met by taxation, which means a borrowing from Peter for the benefit of Paul. While in some cases foreign rates are cheaper than in the United States, it has been conclusively demonstrated that the average charge for telephone service abroad is greater than in this country when the same units of measurement are used, notwithstanding that in the United States service—in quality and extent—is immeasurably superior.

Furthermore, it matters not what comparisons the affirmative make as to foreign rates, the rates there must be assumed to be correct until otherwise determined. They have been filed with the Interstate

Commerce Commission and the companies must meet all criticisms and make any changes that are shown to be just and reasonable.

Not only are telephone rates and conditions of service, as they should be, sanctioned by the public through its regularly constituted public service tribunals, but the public has shown, by the best test possible—the use of the service—the extent to which the telephone service has met with its approval. I mean by this that, when it comes to development, the United States is so far in the lead over countries where government ownership obtains, that comparisons of telephone development are almost laughable.

There are to-day in this country upward of 9,000,000 telephones. The United States, with less than six per cent. of the world's population, has more than 65 per cent. of the world's telephone development. Europe, with four times the population of the United States, has less than one-half the number of telephones. Not so bad for private enterprise!

The United States, according to the census last published, has nine telephones per hundred inhabitants, and has gained during the last year. Great Britain, by the way, has one and a half telephones per hundred inhabitants, or one-sixth of our development. Germany has two telephones per hundred; France four-sixths of a telephone per hundred. The entire country of France has about the same number of telephones as we have in New York City alone. Not so bad for private enterprise!

The standard argument for Government ownership is that private owners, by exacting excessive tolls, will inevitably restrict the use of a means of communication so that comparatively few persons will get the benefit of it. And after you wade through all the tables and diagrams, you come back to the basic and indisputable fact that private enterprise has extended the use of the telephone in the United States far more widely than government enterprise has extended it in any other country. According to the table on page 55 of the report submitted by the Postmaster-General, Germany is the only country outside of the United States that has a million telephones, while we have more than eight million. A table on page 54 gives the number of local telephone calls a head in this country as 130—which is based on figures six years old, the present number being about 150—while in Germany the number is 24; in Austria, 9; in France, 5; in Italy, 6; in Russia, 4; in Sweden, 60; in New Zealand, 2.

The number of local telephone conversations in the United States is given as eleven billion, 1907. The Bell report for 1913 gives the number of local and toll calls over its system as eight and three-quarter billion, and puts the grand total for the United States, including independents, as fifteen billion, against seven billion for all Europe. If, with less than one-fourth of Europe's population, we use the telephone twice as often under private ownership as Europe uses it under government ownership, it would seem to be their masses who need help instead of our classes. The first test of the usefulness of any system of communication, it would seem, is the extent to which it is actually used; but in arguing for Government ownership of telephones it is well to brush that point aside.

If we consider the telegraph and telephone together we find that electric communication is positively twice as frequent here and nine times as frequent in comparison with population.

It was an epoch in the world's history when the Bell system opened a long distance line between New York and Chicago and demonstrated that speech could be transmitted for 1,000 miles across country. This was at the time of the World's Fair, twenty years ago. The first 900 mile line has just recently been opened, about a year after the 2,000 mile line between New York and Denver was in operation. And by the time we meet for our convention at San Francisco in 1915 we will have established communication from coast to coast.

Our progress, however, has been by no means spontaneous. Rather it has been the result of a building-up program, conceived and carried out by a small army of telephone executives and engineers

qualified by years of experience and expending the hundreds of millions of dollars that have been thrown into the business with rare judgment and foresight. "Telephone Statistics of the World" (1912) tells us that the investment per telephone in the United States is \$126, as against \$175 for Europe. Could we want for more significant commentary on the respective efficiencies of private and public ownership in the judicious and economic development of nation-wide telephone systems?

The telephone engineers of to-day are now planning for the development to be reached twenty years hence—for without this planning the problems of 1920 and 1930 cannot be met when they arise. Moreover, the American people are thus guaranteed a scientific and comprehensive advancement in the business and the art which the continued changing of political parties and patronage could no more accomplish than could an ever recruiting band of agriculturists hope to cope with the advancing problems of coast defense.

In order to provide a comprehensive telephone plant to meet the growing needs of the country served it is necessary to make plans years ahead. This means a permanent management and a fixed, continuous policy.

On the whole, it would seem that the government could not possibly hope to operate the telephone and telegraph systems of this country at a profit, and certainly they could not do so if the promised reductions in rates were made. Its administration of the business would be political, and when we say that we say in the same breath that it would be inefficient, would be unprogressive and would result in a loss or deficit.

The American public has been educated to depend on the most efficient, most extended telephone service in the world. The relative number of the people reached is the largest, and the average cost to each is the lowest of any important system in the world. It will not tolerate less; under private ownership it will not pay more.

The development of telephone uses, and the decrease of cost through continued improvement in equipment and methods of operation and service, have opened up the potential market for telephones in the United States as it has been in no other country—65 per cent. of the world's telephones are in the United States.

We feel sure that a consideration of the purely economic aspects of this subject will decide this case in favor of the present system of regulated private ownership.

John W. Gorby for the Affirmative.

Our authorities in this debate are as follows:—The Acts of Congress of the U. S. during years 1845, 1866 and 1902, The Reports of the British Postmasters General: The following Postmasters General of the U. S., Johnson, Randall, Maynard, Howe, Creswell, Wanamaker and Burleson; Prof. Morse, the inventor of the Telegraph; Cyrus W. Field, the Founder of the Atlantic Cable and a Director in the Western Union Co., Jas. Gordon Bennett, Prof. Frank Parsons of Boston University, Prof. Ely, Lyman Abbott, B. O. Flower, Judge Clark, Henry D. Lloyd, Dr. Taylor, T. V. Powderly, Samuel Gompers, Marion Butler; U. S. Senators Edmunds, Chandler, Hill and Daves; Genl. B. F. Butler, Reports of Decisions of the Supreme Court of the U. S., Charles Sumner, Hannibal, Hamlin, President U. S. Grant and such Sons of the South as John C. Calhoun and Henry Clay. Clay said in advocating the government ownership of the Telegraph in 1844, "It is quite manifest it is destined to exert great influence on the business affairs of society. In the hands of private individuals they will be able to monopolize intelligence and perform the greatest operations in commerce and other departments of business. I think such an engine should be exclusively under the control of the Government." Such authorities will convince the most skeptical that legally, scientifically and for the country's good the Government should own all means for the transmission of intelligence.

What in your mind is the purpose of organized

Government, Public good or private gain? Service to the many or profit to the few? All enlightened thinkers of our day believe that Government exists for the benefit of the governed. The greatest good to the greatest number is the ideal of intelligent men. The people of our Country are divided on this question into three classes, one of which is very large.

The first class is comparatively small and consists of the stockholders of telegraph and telephone companies. These persons exhibit considerable excitement when government ownership of their lines is mentioned—an excitement that indicates that they fear they are about to be robbed. To these good people I say, "Fear not, the kindly hand of our Government has never robbed any man of clear conscience, nor has it ever taken a penny without adequate return." Confiscation is a grim specter that hovers over the dividend-clouded mind of stockholders who know that their semi-annual checks grow from extortionate charges filched from the pockets of the masses.

These same masses form the second class—a large number of persons who are born to the companies as they are. They are the great toiling majority. These men and women have not studied the situation at all and accept conditions as their fathers left them, conditions that cannot stand the searching of the investigator and remain uncondemned. It is to this vast number of people that the statesmen talk when conducting educational campaigns. These form the vast body of the busy masses who depend upon their daily toil for their daily bread. They have not yet awakened to the fact that the telegraph and telephone are for them, to become part of their daily lives, to become real public benefits used by all the people. It is our purpose in this debate to show that the telephone and telegraph are for the people's use and should belong to the government, which is and should be the people's agent.

The third class of which I speak is comprised of those students and statesmen who have mastered the subject now under discussion. With unprejudiced minds they have gone to the bottom of this discussion and they find that business and the people are paying too much for telegraph and telephone service and that the profits of this business are going to inflate the pockets of those whose judgments are clouded by love of gain.

The prejudice of the mind produced by regular and increasing dividends so far misleads the recipient as to intoxicate him against even the consideration of the people's interests. He forgets the great part that the government and the people have played in the protection of his property in their progressiveness and their willingness to play his game. So far from being willing to share the benefits with the masses he selfishly demands the continuance of a situation the like of which is found nowhere else in the civilized world. Of the seventy-five leading nations of the world, the central government owns and operates the telegraph in every one except Bolivia, Cuba, Cyprus, Hawaii, Honduras and the United States of America. On the other side are France, England, Germany, Italy and even Darkest Russia and Siberia. We call your attention, Honorable Judges, to the fact that in this respect we are far behind in the progress of nations. Our Honorable opponents will attempt to show you that in economy and service this backwardness is compensated for. Let us examine the facts.

It was not until 1845 that Congress assumed its constitutional monopoly over the transmission of intelligence by prescribing penalties for its infringement. Before that, private expresses controlled that field just as the telegraph and telephone companies today control their field. The Postmaster General says, "The private operation of these agencies is a far greater impairment of the postal revenues and a far more serious handicap to the universal and impartial extension of the postal service than was the operation of private expresses for carrying letters and packets against which the legislation of 1845 was effectually directed."

In the light of historical narrative, the electrical transmission of intelligence belongs to the government. It was the government's money that enabled

the inventor, S. F. B. Morse, to succeed. On March 3, 1843, Congress appropriated \$30,000.00 to test the practicability of the electro-magnetic telegraph. A line was stretched from Washington to Baltimore and on May 24, 1844, communication was opened. Three days later the proceedings of the Democratic Convention sitting at Baltimore were reported by means of an instrument in the east end of the Capitol.

Of the sum appropriated Prof. Morse saved \$3,400.00 and recommended that the sum be spent for current expenses until Congress should see fit to extend the experiment.

The legal phase of our contention is perfectly clear. The Constitution intrusted to Congress the power "to establish postoffices and post roads." The Supreme Court of the U. S. in a unanimous opinion has held that the telegraph came within the grant of power to establish the Postoffice. Chief Justice Waite says, "The powers thus granted are not confined to the instrumentalities of the service known or in use when the Constitution was adopted but they keep pace with the development of time and circumstance. They extend from the horse with its rider to the stage coach; from the sailing vessel to the steamboat; from the coach and the steamboat to the railroad and from the railroad to the telegraph, as these new agencies are successfully brought into use to meet the demands of increasing population and wealth."

Justice Brown of the Supreme Court says, "If the Government may be safely intrusted with the transmission of our letters and papers, I see no reason why it may not also be intrusted with the transmission of our telegrams and parcels as is almost universally the case with Europe." Our present Postmaster General rules the "telegram and telephone are simply the electric mail."

The Supreme Court of the U. S. in the case of *ex parte Jackson* cites and approves the words of John C. Calhoun, a name forever to be revered in the North as well as the whole South, viz: "The power of Congress over the mail and the Postoffice is an exclusive power." Judge Clark declares that sending mail by electricity is an exclusive governmental function and no corporation or monopoly can legally exercise any part of it. It is thus seen that from the legal standpoint the logical outcome is government ownership of the electric mail.

Honorable Judges, the economic side of this question gives the affirmative its most powerful argument. It is a manifold argument, (1) The longer the purchase of these properties is deferred the more it will cost the government to acquire them since their lines are increasing each year both in extension and value. It is economic waste, therefore, longer to postpone their purchase. The law of 1866 authorizes and contemplates that the government shall acquire these properties.

(2) The Western Union and Postal Telegraph Companies are ostensibly two companies though in many respects reports show them to be one. In duplication of lines and poles they are two properties. This is economic waste since one system can do the work as well as two. The companies know this as well as anyone and would consolidate today if they were not afraid of the anti-trust law.

(3) The rates for service are extortionate compared with the other civilized countries where government ownership of electrical communication exists. Prof. Frank Parsons of Boston University, a high authority on government ownership, says, "The results of public ownership of the telegraph and telephone may be briefly stated thus. The rates are much lower than under the private system and the facilities better. A Government telegraph goes where private enterprise will not go. The popular use of the telegraph is vastly greater in Europe than with us. The proportion of social business is six, eight, ten times more than it is in the United States. The general service is more efficient, swift and accurate than with us. The public telegraph has proved of incalculable value in the apprehension of criminals, being used much more freely by the Government than the very costly service of a private system is apt to be. The employees are better treated and the aim is to improve their condition from year to year. There

is no telegraph discrimination, no telegraph lobby. There is no watering of telegraph stock, no dividends on real or fictitious stock, no strikes of operators, no blackmailing lines or wasteful construction. There is no manipulation of market reports. The various governments display a progressive spirit, adopt new inventions and lower the rates from time to time as fast as it seems to be practicable. As a rule, there is a margin of profit in spite of low rates, and the sum total of yearly results in Europe generally shows a surplus of receipts above the cost of operation in spite of the low rates and extended lines. At the least calculation the people of Europe save \$25,000,000.00 a year through government ownership of the telegraph."

The average rate per telegram in this country is 31 cents, while the average rate in all countries where government ownership exists is 10 cents for the same distances. Mr. W. H. Freere, Engineer-in-Chief of British telegraph service, says, "Public opinion forced the government to buy the telegraph lines in 1868-69. Rates were immediately reduced one-half, and the time of transmission between cities in England reduced from two and three hours to seven to nine minutes. All the arguments advanced by our Honorable opponents to show poor service in countries where the government owns the lines are contrived by men controlled by love of gain. Such men first deceive themselves and then try to deceive you. Do not believe their statements as against these government officials whose only aim is to present the facts. The Postal service of Great Britain includes the telegraph and, for some reason, England for many years has given rates to big newspapers and in fact to the common people that prevented the telegraph itself from being self-sustaining. That great nation, however, realizes each year a handsome profit on the postal service as a whole, the profits of postage far exceeding the telegraph deficit. To show you what the people of Europe get out of the government owned telegraph, note the following facts, supplied by government reports. Social messages in this country are 8 per cent. of all, while in England they are 80 per cent., and on the continent 67 per cent. Mr. Preece further says that the annual British deficit of the government telegraph saves the British people annually \$150,000,000.00. Our honorable opponents truthfully say that the telegraph and telephone are used by the classes. The masses under private monopoly cannot afford to use them. Shall we say to the poor farmer on the distant prairie, whose little child is burning with deadly fever, 'You shall not use the telegraph or telephone. These are for the classes. Your child is only one of the negligible masses whom your government has chosen to ignore. Therefore use the pony express.' And the child dies because the telegraph is not for the common people."

As further evidence showing to whose advantage the telegraph and telephone are managed, note the following diagrams shown in Senate Document 399, the most authoritative document yet issued on this subject.

Table No. 1 shows the United States the leader of the seventeen greatest nations of the world in letters received per capita (101), Russia being the seventeenth, with only seven per capita.

Table No. 2 shows local telephone calls per capita with the United States leading with one hundred and thirty, and Russia last again with 4.29 per capita.

Table No. 3 shows the comparative rate per letter and per telephone call. We call your attention to this fact that we are almost alone in charging more per telephone call than per letter mailed and that Russia, Darkest Russia, charges her people only one-third as much per call. Are we willing in the matter of extortion to triple the charge made by the only remaining absolute despotism on earth? Is the telephone trust more greedy than the Czar?

Table No. 4 shows that in the matter of telegrams received New Zealand leads by a big margin of more than eight per capita. In this service we are passed by Great Britain, Switzerland, France, Norway, Denmark, Belgium and the Netherlands, the United States receiving a fraction more than one per capita and when they are received they are frequently unintelligible.

Table No. 5 is very illuminating, showing the minimum charge per telegram, Russia alone exceeds our lowest charge per telegram, extorting 26 cents to our 25 cents. In this respect there are thirteen nations that give their people cheaper telegraph service than we do, and of these thirteen Table No. 4 shows that eight of these nations give their people a far greater volume of telegraph service. Again we are by the graces of the telegraph companies only a close second to Europe's most despotic extortionist.

In the respect of postal efficiency it is very convincing to compare this service, which has been under the exclusive control of the government since 1845 (69 years), with the telephone efficiency of the leading nations. Table No. 6 shows that Belgium alone surpasses us in number of mail pieces per employee handled per annum.

Table No. 7 reveals that in telephone efficiency we are far down the list, being tenth in rank so far as the large interests are concerned, and fourth in rank in independent service. Now as to the telephone charge tables 8, 9, 10, 11 and 12 all prove conclusively that for the service received we are paying the companies rates that are highly extortionate.

In the number of long distance conversations by phone we are passed by Denmark, Netherlands, Germany, Sweden, Russia, Norway, Switzerland, France, Italy and Japan. In the average charge for one hundred mile conversations we lead the world, showing nearly twice as much as the despotic powers of Russia, Hungary and Austria. At three hundred miles we leave the Czar far behind, charging three times as much as Russia. At five hundred miles we charge twice as much as Russia. At seven hundred miles our rates are nearly four times as much as Australia and Japan and more than eight times as much as Germany, Austria and Sweden.

Our last table is mightily convincing. Contrast the rates charged by the Bell Company with those allowed our Continental brethren and note the cost of maintaining the glory of the telephone private monopoly.

For 25 miles we pay 3½ times the average Continental rate.

For 100 miles we pay nearly 4 times the average Continental rate.

For 300 miles we pay nearly 6 times the average Continental rate.

For 400 miles we pay nearly 8 times the average Continental rate.

For 500 miles we pay nearly 10 times the average Continental rate.

For 700 miles we pay more than 10 times the average Continental rate.

We present these tables, Honorable Judges, as the unprejudiced report of government investigation. They are in themselves the most principal arraignment of the telephone monopoly and at the same time the most convincing argument for government ownership.

(4) As further evidence of economic gain which Government ownership would bring us, note that it is a simple matter to equip telephone wires with telegraph instruments. A report of the Senate says that "the superimposing of the telegraph feature on the telephone service (both long distance and toll) might be gradually brought about at small cost. The long distance lines can be and actually are in some instances now used simultaneously for telegraphy and telephony. The addition of the telegraph feature to the interurban telephone system of the country would much more duplicate existing telegraph systems." Consider the fact now, Honorable Judges, that we not only maintain a complete telephone system of wires and poles, but also two separate lines of telegraph where we have shown that one system alone will suffice. Is it not high time that we applied hereby the primary principles of economy?

(5) Again consider that the postal service maintains 64,000 offices and employs 290,000 persons; the telephone service maintains 50,000 offices and employs 200,000 persons. Were these two offices merged and operated under government control it would be entirely feasible to transfer a large number of the telephone offices to Post Office buildings, and thus

greatly reduce the aggregate expense for quarters. Furthermore, as the majority of the telephone employees are operators who require no special technical training the merging of the two forces would result in a material reduction in the total number of employees required. There is no question that the automatic devices for obtaining telephonic connections are approaching perfection. These would still further reduce the number of employees required.

We admit that the transfer of telephone exchanges to federal buildings would be perhaps immediately impossible in the great cities, but these civic centers are small in proportion to the whole number of rural communities that would profit by the change.

It is further contended by our honorable opponents that political corruption would render government ownership of electrical communication undesirable. The corruption would be far less than it is now. Civil service would prevail and while the heads of large divisions might be appointed by the President, the great body of employees would be selected by merit and retained by the same high standard. The postoffice does not suffer by reason of this much condemned political influence. Every administration knows that if political favors are allowed to prevail against the men of long years of experience in the mail service that the reaction will displace the party in power. That man who always cries out against reform by government control and flaunts the corruptible nature of man forgets the high and noble works that we as a government have conducted in the name of humanity. He denies that our government can harbor and realize a single noble ideal. He distrusts his native land and therefore deserves the stinging rebuke of every patriot.

Did not our government wage a war for humanity in Cuba? Did we not hasten the arrival of liberty in the Philippines? Did we not spend vast treasure and shed most precious American blood in those great national sacrifices? The few unfaithful servants that brought discredit upon us are the necessary testimony to prove that we yet belong to the human race, that we have still those whose weakness is to yield to the temptation of greed even in the holy hour of sacrifice. Did we not construct the Panama Canal, the dream of Columbus and of all great idealists in world commerce since his day? Let those whose fears multiply concerning our alleged corruption and inability to do the work of government ownership that their patriotism is thereby placed in question, of the telephone and telegraph remember that they are denying the most essential principles of logic, viz: they are denying to the whole what they fully grant to a part, they distrust the whole country while pinning their faith to a single corruptible corporation.

It devolves upon the affirmative to provide the plan by which the great reform is to be accomplished. We know that out and out purchase of the properties, good will and dividend possibilities would be enormously, perhaps impossibly expensive. But would it be if a reasonable valuation were named? Take the Western Union, for example, with a reputed stock of \$59,000,000 and \$15,000,000 of bonds. "It claims 190,000 miles of line, 800,000 miles of wire and 21,360 offices. The figures, however, are false. Three-fourths of the offices are railway offices, maintained by the railways. And the mileage appears to have been obtained by adding together the mileage of all the lines the Western Union has ever built, bought or leased, a large portion of which has long since ceased to exist; and another portion, consisting of useless parallels constructed on purpose to be bought by the Western Union, remains on its hands as mere lumber. The total land plant in actual operation under Western Union control is probably less than 100,000 miles of poles and 400,000 miles of wire, and the larger part of this is not in good condition. The total value of the plant, offices and all appears to be about \$20,000,000. Subtracting the \$15,000,000 of bonds we have \$5,000,000 of property which the stockholders own after paying their debts—\$5,000,000 as the total tangible basis of \$95,000,000 of stock. The evidence of all this is voluminous and convincing." So that it is true after all that the plants to be

acquired are not so priceless. But some means must be found to bring the owners to a basis of reason. Shall we resort to condemnation? Probably. But first let us see if we cannot find a way that by a natural commercial process may not bring the properties under government control without the financial jar of open condemnation and without loss to anyone concerned. The aims of our government, repeatedly exposed and often confirmed, are not confiscatory, but benevolent and kindly. They reach into the pockets of no innocent man. They do not aspire to the destruction of any man's business so long as he does not trespass on federal prerogative and federal rights. These companies now declare their dividends from a field which we have proved is not their own and are asserting their powers and fattening on provender that belongs legally and commercially to the government of the United States.

Our plan is not the work of the imagination, but based upon the exhaustive investigation of a committee consisting of government officials, not actuated by love of gain, but by patriotic motives. We have reached the conclusion "that the only way to afford to the people the complete and modern postal facilities that the Constitution makes it the duty of the government to provide is to put into effect the following recommendations:

"1. That Congress DECLARE A GOVERNMENT MONOPOLY OVER ALL TELEGRAPH, TELEPHONE, AND RADIO COMMUNICATION AND such OTHER MEANS FOR THE TRANSMISSION OF INTELLIGENCE AS MAY HEREAFTER DEVELOP.

"2. That CONGRESS ACQUIRE BY PURCHASE AT THIS TIME AT APPRAISED VALUE THE COMMERCIAL TELEPHONE NET WORK, EXCEPT THE FARMER LINES.

"3. That Congress AUTHORIZE THE POSTMASTER GENERAL to issue, IN HIS DISCRETION AND UNDER SUCH REGULATIONS AS HE MAY PRESCRIBE REVOCABLE LICENSES FOR THE OPERATION, BY PRIVATE INDIVIDUALS, ASSOCIATIONS, COMPANIES AND CORPORATIONS OF THE TELEGRAPH SERVICE AND SUCH PARTS OF THE TELEPHONE SERVICE AS MAY NOT BE ACQUIRED BY THE GOVERNMENT."

This will place the electrical means of communication where our fathers intended it should be, in the hands of a power whose aim is public good, NOT PRIVATE GAIN.

Honorable Judges, my worthy colleagues have proved the following:

(1) That under the Constitution as interpreted by our highest tribunal, the Supreme Court of the United States, the federal government has by law an exclusive monopoly over all transmission of intelligence;

(2) That we advocate not a revolutionary idea, but the original plan adopted by Congress in 1845, when by the people's own money (\$30,000.00) the first electric telegraph was built and made a practical success;

(3) That this stated policy was further confirmed by the law of 1866, whereby provision was made for government ownership of these properties after a period of five years;

(4) That the telegraph and telephone lines are now therefore trespassers on federal prerogative;

(5) That they are essential postal agencies, interfering with and impairing the postal service more than did the private pony expresses in 1845, when these primitive methods were required and improved by government;

(6) That by weight of sixteen out of eighteen committees of Congress appointed to investigate this question, by the authority of nearly every postmaster General and one President of the United States, by other authorities, civic, scientific and political, by Calhoun and Clay, peerless sons of the South, our government ownership policy is completely approved;

(7) That a system of evils is maintained by these great private corporations such as child labor, ill treatment of employees, abuse of the employing power and cases of inhumanity almost incredible, renders their perpetuation under our government highly obnoxious to our people;

(8) That such conditions cry aloud for redress and that government ownership is the solution;

(9) I have proved to you that by every principle of economy, by cost of service, by amount of service, by delay of service, by the unprejudiced reports of government officials that government ownership gives better and cheaper service to all the people;

(10) That our plan, beneficent and helpful to all, is at once expedient and economic and is now in vogue in seventy-five of the leading nations of the world.

For these reasons, Honorable Judges, we believe in government ownership of all lines for the transmission of intelligence and we invite your verdict this day in behalf of this much needed reform.

William W. Allen, Jr., for the Negative.

It was necessary for the affirmative side to have proved far more in this debate than they have apparently been able to do. They should have shown that the service under government ownership would have been better, the rates lower, that there was a strong public demand, that it would profit either the individual or the government. Have they shown clearly and conclusively that their proposition would accomplish any one of these things, much less all of them?

They have had their last word in direct argument. By the rules of debate they are not allowed to bring in a single new plea in their remaining rebuttal speech. It is their duty to prove their case; ours to refute. Have they done it? On the contrary, we have met them squarely on each issue. We have shown you from official statements and figures that the service on telephone and telegraph lines in those countries where they are government owned is not to be compared with our own. One might as well compare cotton with silk; or, to reverse the countries, a low priced Ford car in New York with a high priced Mercedes car in Paris. They both run on the highway, and both burn gasoline; but there you want to stop. The Springfield, Mass., "Morning Union," September 23, 1913, says:—"It is a sad commentary on the French telephone service that Aviator Gilbert on Sunday flew 100 miles from Paris to Rheiems, in 55 minutes, and that he arrived at his destination before news of his departure could be telephoned." In a paper from Naples, Italy, we find this:—"This President of the Chamber of Commerce says 'since the Government had taken over the telephone company the service was far worse in every respect.'" From Dresden we get this:—"Business has been seriously hindered here for weeks owing to the very bad telephone service and there have been constant complaints from subscribers. Many of the 20,000 instruments have been useless for weeks at a time. The continuous complaints angered the government, which has announced that if the subscribers do not quit grumbling the service will be totally suspended for a year."

Recall, again, what the second speaker on the negative side has told you in the matter of rates. Our opponents have confined themselves almost exclusively to the treatise of the Congressman from the Maryland district, who is riding this particular hobby for his notoriety. In this they have not done well. Mr. Lewis' effort "is remarkable for its many inaccuracies of statistics and comparisons." There are some who doubt the good faith of this gentleman, when he continues to make use of figures and comparisons demonstrated to him to be untrue in some cases and misleading in some others. For instance, in foreign countries he does not, in his estimates, count the employees whose time is not wholly devoted to this exclusive service. See how many postal and railway employees that would remove for him in his estimates. He does not show the two classes of service and explain that the preferred service,

corresponding in a slight degree to our ordinary service, is very much higher. He does not tell you that the average call is five minutes, that you are cut off at the end of three minutes, and then wait your turn at the end of the line. Neither does he allow for the private wires with us, over which such a vast amount of our business is done. His long distance rates abroad are largely suppositions, and are not real ones. One might as well say that the commutation rate from Dallas to Chicago was a dollar. But who could commute between Dallas and Chicago?

So you see they have not been strong where they ought to have been convincingly so. All that is incumbent upon us is to show what has been already shown:—viz., that the service is far better under private ownership and that the rates for this high standard of service are likely to be less than under their plan. And now we are going to go farther than this. We are going to show you that ownership is not a government function in the case of the United States; that it is not in accord with the democratic ideas in our form of government; and that regulation will continue increasingly to merit the confidence which is imposed upon it, and that the wisdom of the American people in developing this new type of governmental agency has been demonstrated very fully.

With us, then, it is not a government function. Our government is one which was never intended to create, but to conserve and protect. From the beginning the idea of delegated powers has been strong with us, and our people feel that it is possible to enter into entangling alliances at home as well as abroad. While our government is, and is ever to remain, sovereign in its sphere, the free and enterprising American citizen wants none of the curse of a military or bureaucratic administration here. We know that public initiative is non-existent and that individual liberty would be subjected to petty officialdom.

Then again, the outlay on the part of the government would be enormous. Since work began on the Panama Canal in 1904 the Bell System has spent more money to extend its lines and plant than the United States government has spent to dig the canal and buy the right of way. Is it right to tax all the people for the benefit of the users of telegraph and telephone service? And if we own these two why not make the government top heavy and own them all? Why allow individual or private ownership of the banking business, the steel business, the cotton business and hundreds of others?

This project has been attempted in this country in the cases of two State-owned railroads. After some fifty years of political management and mismanagement the North Carolina Railroad was turned over to private capital. The State of Texas owns a little railroad of forty miles. Think of the thousands of miles of railroads in this State, and yet Texas has not attempted to increase its line. The great danger of the whole thing is twofold; politics and government inertia. With a change of administration in our national politics would come a change in telephone and telegraph personnel. Anyone can collect and deliver mail, but marvelous genius has been displayed in the operation and extension of the telephone and telegraph with us. Else why do foreign nations come to learn of us? They are government-controlled and we are not. Yet we have seventy per cent. of the 'phones in the world. What a place for office holders and party workers! What an enormous political machine could easily be built up! The Post Office exerts a great influence in national politics, and if to such a body of voters we should add the millions of railway, street railway, gas, electric, telegraph and telephone employees, a voting machine could be built up which would be irresistible.

And what about the running of the Post Office anyway? Its gross revenue places it among the first half dozen big business organizations—it touches at first hand every individual in the community; it discriminates in its rates and in its methods to an extent to which no private enterprise would dare; its book-keeping methods and its business methods are such as would put a private business in a receiver's hands.

The buildings occupied by the Post Office when owned by the United States are given free to the Post Office Department, and lighted and cared for at the expense of the Treasury Department. Yet, when in making up the accounts by including at the end of the year only audited vouchers, by charging various expenses to other departments, the Post Office shows a meagre excess of revenue over expenses, we declare it to be a business success.

On February 10, 1908, there was submitted in the Senate of the United States a preliminary report of a Joint Commission on Business Methods of Post Office Department and Postal Service. This was a scathing denunciation. One of the signers of this report was Congressman Moon, who is now Chairman of the House Committee on Post Offices and Post Roads. If the telegraph and telephone service of the country depended on politics there would be no continuous financing, but political appropriations, both fat and lean. Political exigencies would count large.

And then, again, these industries have not reached their maturity. This carries with it a risk which may be heavy and one which no government should incur. Wireless telegraphy and telephony are in their infancy.

Again, government ownership is not in accord with the democratic ideas of the citizens of the United States. Many examples of this might be given, but we shall content ourselves with four recent and interesting ones. When the Congress decided to exercise supervision of the railroads in this country it did not urge the national ownership and operation of railroads, but wisely appointed an Interstate Commerce Commission. The interests of the government are properly served, the people are satisfied and the railroads now have an impartial tribunal to whom they can go. I am told that there are not six general managers of railroads in this country who would be without this body. The evils of railroad lobbying and their control and corruption of State Legislatures have disappeared, as if by magic.

The second example. When the present Congress enacted the new currency legislation did it decide to own and operate the national banks and the State banks which should come into the system? Did it do this, or did it create a Federal Reserve Board to supervise and regulate the operation and service of banks?

The third example. In the bill to grant water power rights to the development of private capital Congress has again recognized the principle that private industry is more enterprising and more rapid in its development than public industry; that the organization of private industry and the methods by which private industry is conducted are more conducive to efficient and economical results than public industry.

The fourth example. The wide-spread opposition to the proposal that the government subscribe thirty millions of dollars to the corporation whose purpose it will be to acquire foreign ships, even in case of such an emergency as now confronts us, shows how the people feel about this matter of government ownership. Indications are clearly to the effect that private capital will own and operate.

Hon. Franklin K. Lane, Secretary of the Interior and ex-Chairman of the Interstate Commerce Commission, sums the matter up very concisely when he asks this pertinent question: "Why should this government undertake the heavy financial and administrative responsibilities of government ownership of railways, &c., when it can protect the interests of all the people by a policy of regulation and supervision of public service corporations, rather than following a policy of ownership?"

Well, then, if government ownership is not a proper function in the United States; if it is not in accord with our democratic ideas; if the evils of government ownership abroad are worse than its benefits are good; how are we to handle the proposition? The answer is simple. A government can control better than it can operate. In the case of the railroads the Interstate Commerce Commission proves this. While the government cannot operate the Post Office with any degree of business precision, it can

yet prescribe an accounting plan for the railroads which is exact to the last degree. It even goes so far as to separate the accounting for the freight and passenger traffic. It can regulate the banking business to a nicety. Why? Because regulation is the province of a sovereign State. To it the people look for any needed relief. And to it the private corporations look for a fair hearing and a proper chance to reap the just reward of their wonderful energy and ability.

INSTITUTE COMMITTEES.

Appointments Announced by President Evans.

POST GRADUATE COMMITTEE.

R. S. Hecht, Chairman, Hibernia Bank & Trust Company, New Orleans, La.
Robert H. Bean, Old South Trust Company, Boston, Mass.
J. A. Broderick, United States Treasury Department, Washington, D. C.
Joseph J. Schroeder, National Bank of the Republic, Chicago, Ill.
Joshua Evans, Jr., Riggs National Bank, Washington, D. C.

DEBATE COMMITTEE.

F. B. Devereux, Chairman, National Savings & Trust Company, Washington, D. C.
J. Leland Cross, First National Bank, Birmingham, Ala.
M. W. Harrison, Brooklyn Savings Bank, Brooklyn, N. Y. C.
LeRoy V. Elder, Rhode Island Hospital Trust Co., Providence, R. I.
Arthur H. Cooley, Security Trust Company, Hartford, Conn.

PUBLICITY COMMITTEE.

Byron W. Moser, Chairman, St. Louis Union Trust Company, St. Louis, Mo.
F. W. Ellsworth, Guaranty Trust Company, New York City.
Harry J. Haas, First National Bank, Philadelphia, Pa.
M. B. Keith, Security National Bank, Dallas, Texas.
George S. Bartlett, Boston Five Cent Savings Bank, Boston, Mass.
Craig B. Hazlewood, Union Trust Company, Chicago, Ill.
Carl L. Ellers, First State Bank, Idabel, Oklahoma.
T. W. Townsend, Fourth National Bank, Atlanta, Georgia.
George S. Barnard, Merchants National Bank, Richmond, Va.
Sever Daley, Pioneer State Bank, Denver, Colo.
Albert W. Smith, Merchants & Mechanics National Bank, Baltimore, Md.
A. C. Dorris, Fourth & First National Bank, Nashville, Tenn.

COMMITTEE ON PUBLIC AFFAIRS.

E. G. McWilliam, Chairman, Savings Bank Section of the American Bankers Association, 5 Nassau St., New York City.
R. H. MacMichael, Dexter-Horton National Bank, Seattle, Washington.
H. J. Dreher, Marshall & Ilsley Bank, Milwaukee, Wis.
C. W. Allendoerfer, First National Bank, Kansas City, Mo.
Frank C. Mortimer, First National Bank, Berkeley, Cal.
Raymond B. Cox, Webster & Atlas National Bank, Boston, Mass.

PROGRAMME COMMITTEE.

Thos. H. West, Chairman, Ladd & Tilton Bank, Portland, Oregon.
Ralph A. Newell, First National Bank, San Francisco, Cal.

S. D. Beckley, City National Bank, Dallas, Texas.

TRANSPORTATION COMMITTEE.

George A. Jackson, Chairman, Continental & Commercial National Bank, Chicago, Ill.
W. A. Marcus, Savings Union Bank & Trust Company, San Francisco, Cal.
Henry R. Kinsey, Williamsburg Savings Bank, Brooklyn, N. Y.



INSTITUTE CHAPTERGRAMS

Chaptergrams must be received by the Educational Director of the Institute not later than the 28th of the month preceding publication.

ALBANY.

By Alfred L. Taylor.

ALBANY CHAPTER holds its regular business meeting the third Thursday of each month, and the last meeting was held November 19, 1914. The unfinished and new business took up a great deal of the evening, but the members took hold with a will and everything was completed to the satisfaction of all. Mr. Thomas I. Van Antwerp, Vice-President of the Union Trust Company, of Albany, N. Y., was the speaker of the evening. As Mr. Van Antwerp is very well known and equally as well liked for his personality and business acumen, a good crowd was out to listen to the lecture and to welcome him. His subject was in connection with the revised banking laws of 1914 of New York State as applied to trust companies. Mr. Van Antwerp gave a short history of trust companies in New York and proceeded to discuss the different sections of the law; the increased powers given to trust companies; the improvement over past ambiguous sections of the old law; where improvements could yet be made; and made several comparisons with the old law.

After the lecture Mr. Van Antwerp volunteered to answer what questions were in his power to answer and the members kept him busy with a hot fire of cross-questions.

The study classes are booming and well attended, the boys appreciating the thoroughness of Professor Hill and turn out in good numbers.

Our schedule for the month of December is: December 2d, Bank Administration; December 10th, The Federal Reserve Act; December 22d, The New National Banking System; December 29th, Discount and Loans.

The educational committee is busy tying up speakers for the coming month, and it is rumored that Mr. Perry has some good ones up his sleeve.

We have quite a number of members from the Troy banks, and when it is taken into consideration that they have to put themselves to some sacrifice in order to be at the meetings on account of the long distance from which they come and the lateness with which they reach home after a lecture, they are to be congratulated on their perseverance and numbers.

ATLANTA.

By W. V. Crowley.

THE most auspicious opening in the history of the Atlantic Chapter was on Thursday evening, November 5th, when a smoker was held in the Chamber of Commerce Assembly Hall, at which more than 125 members were present. The principal speaker of the evening was Senator Hoke Smith, who spoke on the Aldrich-Vreeland Act and the Federal Reserve System. There is probably no man in the

South to-day who is more familiar or who has made a closer study of this important financial legislation than Senator Smith. In the course of his remarks he said that a bill had passed the Senate and was now pending in the House which provides that member banks may carry all of their reserve with the Federal Reserve Bank, thus enabling the Reserve Bank to issue currency to the extent of two and one-half times the amount of these reserves.

President Townsend, Stewart McGinty, and J. W. Speas, delegates to the convention at Dallas, gave interesting talks of their trip. E. H. Bee, who attended the convention of the American Bankers Association at Richmond, came back full of enthusiasm and with some good suggestions.

The outlook is very bright for a successful educational year. The majority of the members realize more than ever the benefits derived from chapter education and have been seeking information rather than being sought after as in previous years. This is very encouraging to those who have worked so earnestly to arouse this enthusiasm, and with the assured cooperation of our governing board we feel that we are going to get more action and more results than ever before.

The board of governors is composed of active Assistant Cashiers of the various banks. We have always received the support of the officers of our banks, but it is the first time that we have been able to get an active representation from all of the clearing house banks.

Mr. Parker, who so ably handled the class in Commercial Law last year, has agreed to conduct the class in Practical Banking. Joseph A. McCord, Governor of the Federal Reserve Bank; A. P. Coles, of the Central Bank and Trust Corporation; E. A. Bancker, of the Lowry National Bank; and several other men of no less prominence have promised to lend their assistance. Mr. Bancker is well posted on the Federal Reserve Act, and his lecture on this subject, which has been announced for December, is being looked forward to with considerable interest. We have enrolled seventy-two members in this study class.

The members who passed the recent examination in Commercial Law were T. W. Townsend, W. R. Beck, Julian Clayton, F. Schwalbe, E. H. Bee, J. W. Speas and W. V. Crowley.

BALTIMORE.

By Theodore C. Thomas.

THE members of Baltimore Chapter are now hard at work along the various lines of Institute endeavor. Particular interest is being shown in our educational work. We have an average attendance of about eighty men in our regular

Banking Class, about thirty-five in the Public Speaking Class, and about forty in the Post Graduate Class. We are more than pleased to note that many officers of Baltimore institutions have been taking quite an active part in our educational work. We are glad of this fact, and believe that the officers of all institutions should be interested in the work of the Institute.

As outlined in our November chaptergram, we have had the pleasure of hearing several most interesting talks in the Banking Class. Most instructing speeches were made by J. Wilson Cole, Treasurer of the Central Savings Bank; Wm. E. Knox, Comptroller Bowery Savings Bank, New York City; Arthur C. Gibson, Assistant Secretary Safe Deposit & Trust Company; Samuel J. Henry, Manager Munsell Trust Company of Washington; and Chas. P. Ditman, one of Baltimore's best Certified Public Accountants. The talk by Mr. Knox was particularly interesting. There was a very large attendance at this meeting because of Mr. Knox's general reputation, and also on account of the fact that he had just been elected President of the Savings Bank Section of the American Bankers Association.

At our last open meeting, with nearly three hundred members present, we had the pleasure of listening to the Hon. Theodore Marburg, former Minister to Belgium, who spoke on "The Violation of Belgium's Neutrality." Mr. Marburg, who was abroad at the time of the violation, spoke with much authority on this question, in a very interesting manner. Bernard N. Baker, President of the Atlantic & Pacific Steamship Company, spoke on "A Mercantile Marine for the United States." Mr. Baker traced the development of our shipping from the early days up to the present moment, and pointed out the necessity for the establishment of a mercantile marine by our own country.

Waldo Newcomer, President of the National Exchange Bank, and a Federal Reserve Bank Director, presided at the meeting, and paid a high tribute to the American Institute of Banking in his opening remarks.

The report of the Dallas Convention was made by C. Leland Getz, of Townsend Scott & Son, and Hilary W. Lucke, Assistant Cashier of the Calvert Bank, made the report of the American Bankers Association Convention in Richmond.

Our Membership Committee is busily engaged at the present time in endeavoring to bring our membership up to 650. We have made considerable progress toward this end, our members numbering about 525, as against 475 at the close of last year.

The Debate Committee has been appointed with Everard P. Smith, of the Merchants-Mechanics National Bank, as the Chairman, and the following members: Edgar L. Heaver, Mercantile Bank; Thomas L. Hayleck, United States Sub-Treasury; W. H. B. Evans, Merchants-Mechanics National Bank; J. Park Upp, Provident Savings Bank; James S. Bayless, Fidelity & Deposit Co.; C. Leland Getz, Townsend Scott & Son; Hilary W. Lucke, Calvert Bank; Lewis Kurtz, D. Fahnestock & Co.; Adreon Keller; and Theodore C. Thomas, Alexander Brown & Sons.

Baltimore Chapter again takes the opportunity to report the advancement of one of its active chap-

ter men, J. Leonard Hoffman, to the position of receiving teller of the First National Bank. We are also glad to note another instance of the promotion of our chapter men in the appointment of Carroll M. Wright, of the Merchants-Mechanics National Bank, as the Transit Manager of that institution, succeeding Mr. Hays, whose promotion we mentioned last month.

The speakers for our next open meeting will be Dr. Frank J. Goodnow, President of the Johns Hopkins University, who will speak on his experiences in China, and Edward J. Cattell, that "grand old man of Philadelphia." W. W. Cloud, President of the State Bank of Maryland, will preside at this meeting.

BOSTON.

E. P. Upham, Jr.

DECEMBER finds our chapter going forward with a splendid momentum, developing as satisfactory a program as it has ever known. Our activity is in many directions, and the enthusiasm and cooperation are complete in each one. The pervasive spirit of good-will, which supports our program, is responsible for a large and spontaneous influx of new members. Entirely without organized solicitation, responding to the obvious appeal of attractive plans, and reflecting the influence of enthusiastic associates, over 120 men have come into our membership this season. Expressing his enthusiasm at the success of a recent "Chapter Night," one of the best known A. I. B. men said to the chairman of the Membership Committee, "No wonder you are beaming. Meetings like this must mean boom times for you."

The "Chapter Night" referred to was held early in November, after our usual plan, at the Boston City Club. An excellent but simple dinner induced the spirit of good cheer which overflowed into song between dinner and speeches. Mr. Chapin, of the "Boston Transcript," told the "Uses of Aircraft in Europe" in illuminating fashion. Mr. Collier, an artist from the "Boston Journal," entertained most cleverly with sketches. He explained that his presence was the result of a trade with Chairman Bartlett of our Publicity Committee—Bartlett was to provide the cartoons for the paper the following morning if Collier went to the platform for us. And Bartlett made good, for the "Journal" showed next day that it lost nothing in accepting him, while we gained the pleasure of the visit from their artist. The great treat of the evening, however, was an earnest, eloquent address on Belgium by Dr. William H. Van Allen, one of Boston's best known clergymen. He had lately returned from the scene of trouble, thus bringing first-hand information, and he drew upon a fund of life-long acquaintanceship throughout Europe, thus assuring accurate perception. Combining with these natural eloquence and virile personality Dr. Van Allen accorded us a great privilege as auditors.

This address served another purpose than our Chapter Night edification, however. The following afternoon, when the English class convened, Prof. Hersey took advantage of the opportunity to instruct

from close-at-hand illustrations and, commanding the "masterly address," analyzed it to help us appreciate its structural excellence and effectiveness. This class is giving great satisfaction to all of the many enrolled in it. It has drawn for its membership from all ranks of the chapter, but it is notable for the large proportion of the "Old Guard" who are faithfully at work writing themes and attending conferences. Surely the English course in Institute work is filling a long-felt want and its proponent must have been inspired. Rumor says that George E. Allen was the father of the idea. This would seem to indicate a hope on his part of obtaining some relief in editing Chaptergrams—surely an onerous task—but he is welcome to all the ease he may obtain in return for this boon to bank men.

The Law Course is progressing most happily under Dr. Newton. He seems to have achieved the great success of making this prosaic subject entertaining—of changing a soporific into a stimulant. Using Prof. Williston's excellent lectures as a text-book, Dr. Newton carries the class forward in the application of principles to problems.

Meantime our graduates have been pursuing two other lines of development. Continuing last year's methods of getting direct information in other lines of business, a score of our men studied the manufacture of candy. Through the courtesy of Page & Shaw, Inc., they made a thorough inspection of that company's plant. Here they found, in addition to the efficient equipment which the high quality of the firm's product led them to expect, an impressive welfare work for the employees and scrupulous cleanliness. Their existing faith in "Page & Shaw's" was abundantly confirmed. Supplementing this "field work," two well-attended Round Table Talks have been held. The first was a discussion of the discount department led by Herbert E. Stone of the Second National Bank. The second was a consideration of Foreign Exchange under the leadership of Vincent Farnsworth of Kidder, Peabody & Co.

Not content with all this our Educational Committee is about to start a course on the legal side of transfer work. This will cover settlement of estates, duties and privileges of administrators, executors and trustees, corporation and taxation laws of various states as applied to stock transfers, and such other topics as may be decided upon.

This covers our current contribution to progress and efficiency for bank men in Boston. The most pleasing aspect of it is the fine cooperative spirit everywhere apparent. And in the broadest application of this spirit Boston Chapter extends its heartiest good wishes to all chapters and members of the American Institute of Banking at this holiday season.

BUFFALO.

By Godfrey F. Berger, Jr.

In view of the recent revision of the New York State Banking Law, the "Forum" Committee deemed it advisable to devote at least a part of the season to a study of that law. A class of fifteen attended the first meeting of the Chapter Forum, held in the Marine National Bank Building, Thursday evening, November 5, 1914. Our President, Mr.

Hoffman, opened the meeting with a brief address explaining the object of the Forum and of the post graduate course. He also urged all graduates to avail themselves of the privilege of submitting a thesis for the associate degree of the Institute. Frank Noble, Secretary of the Buffalo Savings Bank and former State Bank Examiner, led the discussion on the first two sections of the New York State Banking Law. Mr. Noble's long experience as an examiner gave him the opportunity of bringing out a number of important points in the law and the discussion was interesting and profitable.

At the next Forum meeting, held on November 19th, W. L. Koester, Cashier of the German-American Bank, of Buffalo, led the discussion on the section relating to State Banks. The meeting was made interesting by Mr. Koester, whose interpretation of the law was very instructive. The interest shown by the bank officers of the city in leading these discussions is most gratifying and appreciation of their efforts is shown in the large attendance at the meetings.

The first of a series of informal dinners to be given by the Buffalo Chapter was held on Tuesday evening, November 24th, at the Elliott Club. Nearly a hundred men attended and all report having spent an enjoyable evening. The speaker for the evening was H. C. Rice, Export Sales Manager of the Buffalo Forge Company, a firm whose business connections are largely in South American countries. "Export Trade—How to get it and keep it" was the subject of Mr. Rice's talk. He explained the need of co-operation by banking interests if the American manufacturers are to have their share of the world's trade cut off from Europe by the war.

"For more than a hundred years," said Mr. Rice, "England has drawn its life blood from foreign trade. History tells us nations must seek export markets or dry up commercially. Germany is entitled to the world's respect for her thoroughness in meeting the situation when her master minds concluded, forty years ago, that it was necessary to gain and maintain an export trade. Both are investing nations whose coffers are open to new enterprises in any part of the world, with the injunction 'Buy Goods Here.'

"Despite the war, Europe shows her influence even now, for the reason that her imports and exports must balance. Until America becomes an international clearing house for the products of foreign countries, we cannot hope to control this trade, for we cannot assimilate all the hides, coffee and nitrates of those countries.

"Long time credits are shunned as a matter of American principle, but they must be extended if we are to capture this trade. Few manufacturers can afford to open long time accounts and few bankers can afford not to do so. If sufficient security is given the time should make no difference.

"American manufacturers are offering to South America tons of literature, and everything in fact, but credit. Funds can be advanced by cash or extended credits, but they must be given to get export trade. The world is not going bankrupt, although we are in the midst of a crisis. Besides credit, the American manufacturer must have clean advertising, hon-

est representation, good goods and attention to the requirements of local markets.

"American goods compete favorably with those of European manufacture, but the producer must learn his territory before he can hope to control the trade. Our export of iron and steel especially have grown immensely. You will doubtless be surprised to learn that our export trade is less than 10 per cent of our total product and less than six-tenths of one per cent is with Latin-American countries.

"England realizes that we are out to get our share of the European export business and has devised a plan which may teach us a lesson. Through a committee representing the government, banks and association of Chambers of Commerce, 50 per cent advances are made to exporters and possible losses are guaranteed them, three-fourths by the British Government and one-fourth by banks."

Our President, Harry G. Hoffman, who presided at the dinner, announced that on December 8th, O. Howard Wolfe, Secretary of the Clearing House Section of the American Bankers Association, would talk on "The Federal Reserve Act" at the Y. M. C. A.

Immediately following the dinner and talk by Mr. Rice, the meeting adjourned to the chapter rooms in the Marine National Bank Building, where members of the chapter listened to a brief address on the "Federal Reserve Act" by our instructor, Mr. Rattray. This address was part of our regular "Banking and Finance" Class. At the next meeting on December 1st, Mr. Rattray will continue into the details of the act, supplemented the following week by Mr. Wolfe. In this way we hope to cover the Federal Reserve Act in detail before continuing our course.

The attendance at our "Banking and Finance" classes has been exceptionally good, each week adding one or two new members to the class. Our instructor, Mr. Rattray, is working hard to make each meeting as interesting as possible. That he is succeeding is shown by an ever increasing attendance at the classes.

CHATTANOOGA.

By Frank J. Donovan.

CHATTANOOGA CHAPTER has just completed its course on Law, lectures being delivered by W. B. Swaney. A large percentage of the members who attended took the examination and not one failed to pass.

David H. Bloom started last Thursday the first of a series of seven lectures on the Law of Real Estate. These lectures promise to be very interesting and a large crowd is expected to attend. They take place every Thursday night, 7 to 8 P. M. at the Manufacturers Association Building.

CINCINNATI.

By Wm. Beiser.

TWENTY-FIVE new members were taken in at the last meeting. The membership has recently increased to over 200 members. Seventy students are now enrolled in the law class and in the Banking class. The chapter through the

invitation of a member of the Cincinnati Credit Men's Association was represented by a delegation of sixteen members at a meeting of the said association, which was addressed by Hon. Theo. Burton, Senator from Ohio, on the subject, "The Present Outlook." The "Chapter Man" has again made its appearance. It contains a review of recent meetings, the comprehensive outlines of the study courses, and the plan of the Educational Committee for the coming season. The increase in membership is not only due to the changed attitude of banking men because of the unusual conditions, but also to the able efforts of Mr. George, Chairman of the Membership Committee, and his assistants. The chapter has voted two prizes of \$5 each for general excellence in each of the study courses. The Fifth-Third National Bank boys who are members of the class not only have the opportunity of winning the above prizes, but also additional prizes of \$10 as a first prize and \$5 as a second prize for general excellence in each of the courses. Because of the determination of the members of the class there is no necessity for an incentive to sustain enthusiasm, but the interest aroused through contest will not only be an inspiration to the students but also to the instructors. The above action should end in advantageous results to the organization. On Tuesday, November 10th, Charles W. Dupuis delivered the first of a series of lectures on the "Federal Reserve Act." The Act is taken up in detail and explanation of all underlying principles are made as reference is made to them. Sixty-five members attended the first lecture and displayed a very deep interest in the proceedings. Each member was equipped with note book and pencil to make written reference to important features. Mr. Dupuis explained the reasons for the necessity of subscriptions to capital stock being made payable in gold; analyzed the underlying principles referred as to the reasons for the capital stock being placed at the amount referred to in the act. The selection of members for Class A, B and C was thoroughly analyzed. Incidentally a detailed discussion was had as to the advisability of any profits of the Federal Reserve Banks accruing to the Government being used for the reduction of greenback circulation.

CLEVELAND.

By H. W. Herrick.

FOLLOWING its usual custom, the Cleveland Chapter entertained its members and friends election night, November 3d, with a very high-class and diversified vaudeville performance at the club rooms. The program, given entirely by the boys, consisted of singing, dancing, monologue, dialogue, and an act in legerdemain by Mr. J. J. Gardina, of the Cleveland Trust Co., an artist "extraordinary." Election returns were received by special wire and read during intermissions. One of the "hits" of the evening was that of moving pictures of the latest dances with the accompaniment of a "Victrola."

With the second meeting, November 10th, the chapter discarded the "frivolity" of entertainment

and began its real educational activities. The Law class under the leadership of Mr. Kidd, Instructor in Economics at Western Reserve University, held its first meeting then, and judging from the large attendance, should have an unusually successful year. The subjects to be covered have already been announced in the previous issue.

The chapter deemed itself very fortunate in securing David C. Wills, formerly cashier of the Diamond National Bank of Pittsburgh, and now Federal Reserve Agent for the Cleveland district, to address them on "Side-lights on the Organization of the Federal Reserve Bank of Cleveland." An open invitation was extended to all bank men, and the rooms were crowded to "standing room only," with many of the local bank officers in attendance. We were all eager to hear Mr. Wills on this very appropriate subject. His talk fairly bristled with extemporaneous wit, carrying with it a very fundamental idea of the ends hoped to be accomplished by our new bank. We were glad to receive his announcement of the appointment of Guy Shanks, of the Citizens Bank, as head bookkeeper. Guy is one of our charter members, and has always been very active in the chapter's work since its inception. Mr. Wills stated that he had enough applications to start all twelve regional banks, but would insist that a man, to be a successful applicant, must be a member of the A. I. B.

On account of the presence here of W. S. Kies, Manager of the Foreign Trade Department of the National City Bank of New York, a special meeting of the chapter was called on Thursday evening, November 19th, to hear him address us on "South American Business and its Relation to the American Banker." Mr. Kies, having spent several years in the study of South American trade, and financial conditions there, was particularly qualified to give us the best information obtainable. As we all know, the National City Bank was the first United States bank to open up a branch office in South America. This was done in the early part of November this year in the city of Buenos Ayres, Argentine Republic. The chapter feels deeply indebted to Mr. Kies for his very interesting and instructive talk on a subject about which we are all so interested and heretofore had known so little.

Continuing their very good work the program committee secured Mr. Freiberger, Trust Officer of the Cleveland Trust Company, to speak to us at the third meeting of the chapter on November 24th. His subject, "The Administration of Estates," was very thoroughly treated, and in a manner that was both entertaining and highly instructive. At the conclusion, Mr. Freiberger "took on all comers" and answered innumerable questions from the more ambitious and educational-seeking members. Mr. Louis Kauffman, of the Guardian Bank, then led an informal discussion of general banking subjects. It is the chapter's intention, quite frequently throughout the year, to hold these discussions, at which questions of all sorts concerning banking can be asked and answered by anyone present. This informality, it believes, will lead to some very instructive debating, the educational benefit derived from which each and every member cannot afford to miss.

COLUMBUS.

By Edwin Buchanan

THE first open meeting of Columbus Chapter was a "smoker" held on the evening of October 21st at the Virginia Hotel. At that time the Membership Committee was about to announce an enrollment of 175 members. This was very gratifying, and, as President Herbert B. Halliday stated in his opening address, would serve as a spur to the committee to leave no stone unturned until every bank clerk in Columbus should be in the chapter.

Whatever of inspiration had been lacking up to this time was supplied by the delightful address of George E. Allen of New York, whom we were fortunate enough to have with us on this occasion. Mr. Allen's interesting talk was enthusiastically received, and we hope to have the pleasure of hearing him at another time. George W. Gillette of the Columbus Chamber of Commerce was present and offered congratulations from his institution and promised to cooperate with the new chapter in any way possible. Theodore Huntington, of the Huntington National Bank, spoke on behalf of Columbus bankers, and another cheering message was brought to us by Henry A. Williams of this city, until recently National Bank Examiner in the Pittsburgh district. Altogether it was a delightful meeting and the stamp of approval was placed on the movement by everyone present.

We are looking forward to another successful open meeting on the evening of November 28th, when we are to have the pleasure of listening to D. C. Wills, the new Federal Reserve Agent of the Cleveland district. Mr. Wills is a leading exponent of Institute work, and incidentally one of the rising young bankers of the Central States. At this meeting the educational work for the year will be announced, under the supervision of a paid instructor. Our program is a little late in starting, but with some extra effort we hope to complete the course before vacation time begins.

DALLAS.

By A. B. Kendrick.

FTER carefully reading the Chaptergrams found in the November issue of the BULLETIN, Dallas Chapter cannot but feel proud, as well as grateful, for the many nice things which the visiting delegates had to say about this chapter on their return to their native cities.

We deem it both a privilege and a pleasure to have entertained so distinguished a gathering as the Twelfth Annual Convention of the American Institute of Banking, representing as it does the flower of the younger banking professions, and we hope that the good fellowship and exchange of ideas to be had by such a convention will be of lasting benefit to those who were fortunate enough to have been there. We are reminded of the words of that great English poet, who said, "I am a part of all that I have met"; and, indeed, Dallas Chapter men feel that the influence left behind will be of lasting benefit both to themselves and their respective institutions.

Our Educational Program is proving to be a gratifying success. Two classes are maintained, meeting Thursday and Friday nights, under the leadership of Geo. L. Hern, M. B. Keith, Stewart D. Beckley and J. W. Royall. Good attendance has been maintained. A review class, under the leadership of our able President, W. J. Evans, and Forrest Mathis, has made rapid progress in the studies of Economics and Banking. We have in these classes an excellent opportunity for all of the bank men of Dallas to obtain an inestimable amount of business training which applies to our every day business and which will certainly crown our efforts with success. It is as certain as the laws of nature, that if we conscientiously study and put into practice what we learn from the course offered by the American Institute of Banking the time is not far distant when we shall leave behind those of the mediocre class, who do things only for the salary they draw, and become a leader and constructive thinker.

Joseph French Johnson, Dean of New York University School of Commerce, Accounts and Finance, has rightly said that, "Business has long since ceased to be largely a series of price-haggling, a continual measurement of greed and sharp wits against sharp wits and greed. The real business men of this age are creators, not cheats; they are seeking permanent customers, not victims. A permanent business, whether big or little, must be productive and must be beneficial to every one concerned, buyer, seller, employer and employee. The executive who runs such a business, or any part of it, must give his energies to organizing the forces of nature, of labor and of civilization that are at his command; to judging, marshaling, directing and influencing men; to long distance planning; to meeting unexpected difficulties and unlooked-for opportunities with correct decision, thought and word. These functions call for brains, not crude, but trained; they call for thought, not helter-skelter, but concentrated and effective; they call for knowledge, not aimlessly picked up, but organized."

The first meeting of the Post Graduate Class, recently organized, was held at the Saint George Hotel Friday evening, November 20th, at eight o'clock. Dinner was served and plans were outlined for the year's work. It is to be hoped that many of the graduates of last year will take advantage of this opportunity to secure that valued degree, that of an "Associate" of the American Institute of Banking to which this leads.

The first lesson consisted of a review of "The Principles of Money and Banking." Messrs. Mathis and Marshall read papers on the subject mentioned which was followed by a general discussion of the same. The activity of this class is being aided by the new syllabus.

The special topics for this year selected by the class is the "Federal Reserve Act."

Our Debating Committee, with T. L. England as Chairman, is giving Dallas Chapter some very interesting things to think about. The first debate of this season, on the question, "Resolved that Germany was chiefly responsible for the present war in Europe," proved intensely interesting. Messrs. Thompson, Ridle and Lake of the affirmative, and Messrs. Keith, Aiken and Kendrick of the negative gave good ac-

count of themselves and the Honorable Judges unanimously decided with the negative. Several other subjects are being offered and we are expecting, in the very near future, to stage a debate with the Houston and Fort Worth chapters.

The adding machine contest of November 24th was very interesting. Mr. Walker of the City National Bank, who has won the beautiful cup offered by Mr. Duples, manager of Burroughs' Adding Machine Company, on two consecutive occasions, has found a competitor in Mr. Watson of the Merchants National Bank, Mr. Watson winning the contest. This will make it necessary for Mr. Watson to compete again and be successful before the cup will pass into his possession.

Our Social Committee has been planning a dance for the holidays in which we hope that all will participate and make it one of the social events in banking circles this winter.

Dallas Chapter is doing everything possible to maintain that high standard to which it has aspired, and before the close of this season's study classes we feel that it will be one of the leading chapters of the South.

Dallas Chapter has again been signally honored by the national organization in the selection of two of its members to positions on the Publicity and Program committees for the 1915 Convention. The appointees are M. B. Keith, former President of Dallas Chapter, who will serve on the Publicity Committee under Byron W. Moser, Chairman, of St. Louis, and Stewart D. Beckley, also an ex-President, who will be a member of the National Program Committee under Thomas H. West, Chairman, of Portland, Ore.

DAYTON.

By Jesse Blackmors.

WE are endeavoring to teach bank employees to do cashiers' work through chapter meetings. The average employee has little or no opportunity of becoming familiar with the practical work of making loans. Our method, we believe, is very practical and plain. At the chapter meeting, November 11th, we had A. C. Jackson, cashier of the North Dayton Savings Bank, deliver a lecture on "Real Estate Mortgage Loans." Mr. Jackson described fully all the steps taken and the natural order in which they were made. The bookkeeping methods were illustrated in blackboard drawings. Following the lecture two men were selected without previous notice, one to act as cashier and the other to make application for a real estate mortgage loan. The method proved itself worthy of further use with other classes of loans in the future. Cashiers should be interested, for these practices show different ideas in handling loans. Any inquiries for further information will be cheerfully answered.

The class in Banking is doing well. Prof. Frederick Hicks, Dean of the University of Cincinnati, will lecture to us on "Economics and some present day

problems" December 8th. Prof. Hicks comes highly recommended by Cincinnati Chapter.

DENVER.

By Marsdon E. Weston.

ONE of the problems which have always confronted the leaders in Denver chapter ever since our organization in 1908 has been the difficulty in keeping alive, through the rank and file, the same active interest throughout the year which is always characterized by the enthusiasm at the beginning of the chapter year.

We now have 167 active, 21 associate, and 15 non-resident members, making a total of 203. Senior bank officers are eligible only to associate membership in Denver chapter, although there has been some discussion regarding the advisability of amending the constitution so as to make them eligible to active membership. There are over 300 bank men in Denver now eligible to active membership. President Daley and Chairman W. H. Martin of the membership committee set out at the beginning of the year to enroll 200 out of that number. They have thus far secured nearly 40 new members and still need 33 more to accomplish their ambition. It does seem that we ought to have an active membership of 200 out of a possible 300 or more but it is not an easy thing to accomplish. It appears to be a goal which we must work up to; not in a single leap, but new members will be added only as the chapter produces results and no faster, as experience seems to prove. The only way to maintain stability in chapter growth is to offer educational facilities and continue to produce men of education in the science of banking. The social activities of the chapter help to retain the enthusiasm throughout the year which is usually at a high pitch at the beginning, but in the main we must depend on the character of our leading men; men of purpose who, after the novelty of a study course has disappeared, have the tenacity to hold inflexibly to the drudgery which must follow. It is only such men who get to the front and stay there. Educational facilities here are broader and more perfect than ever before, the class enrollments are also at the highest mark; and this I believe is a barometer of the growth and stability of our membership.

Edward J. Schilling, paying teller of the German American Trust Company of Denver, was the principal speaker at our November chapter meeting, his subject being "Easy Money." He compared the career of the forger with that of the man who took the course of honesty and industry and showed how much more could be gained by the latter by exerting the same amount of energy as does the forger. Mr. Schilling's talk was well received and the personal comment heard here and there since the meeting indicate it was thoroughly appreciated.

Two of Denver Chapter's active members have recently received honors coming from high quarters. President Daley has received a letter from President Evans of the Institute appointing him to a place on the Publicity Committee, a committee of great im-

portance, and the appointment is thoroughly appreciated by Denver Chapter and by Mr. Daley personally.

Another item of unusual interest to Denver Chapter men was the appointment by George T. Wells, an active member of Denver Chapter, to a place on the agricultural committee of the American Bankers Association. Mr. Wells received notice of his appointment in a letter from William A. Law, president of the association. This committee is composed of seven bankers selected throughout the United States and their work is devoted to encouraging, quickening and inspiring a constructive campaign for better agricultural and rural life, which includes better schools, better roads, better marketing, larger production with more live stock; rural credits and soil culture. The slogan is "Create a soil as well as a bank reserve."

Mr. Wells, as secretary of the agricultural committee of the Colorado Bankers Association, was very successful and has addressed several state associations of western states on this subject. It is very gratifying to chapter men here to see one of our active members so honored.

DETROIT.

By Fred D. Greig.

THE general meeting for November of Detroit Chapter was held Wednesday evening, November 25th. After the routine business was disposed of, Samuel R. Kingston, Assistant Cashier of the National Bank of Commerce, and a past president of the chapter, addressed a large, attentive gathering on the subject of "Bank Audits." J. Howard Millin, Assistant Trust Officer of the Union Trust Company, explained the various functions of a Trust Company. Both talks were highly interesting and instructive. It was decided to have a banquet some time after the first of the year, the details of which were left to a committee appointed by the president. The interest in the work in Commercial Law continues unabated, and what is being accomplished is gratifying. The post-graduate class in public speaking is being organized and will begin receiving instruction some time in December. A systematic membership campaign is in progress and many new members are being enrolled.

DULUTH.

By P. W. Callan.

THE first class meeting for the Duluth Chapter was held in our class room in the First National Bank Building on November 2, 1914. This was the first class meeting since last May, and was very well attended. This year we plan larger educational ideas with sufficient social activities to attract the younger members of the Duluth banks to our organization. Not only do we wish to attract them, but we plan to make the work interesting and instructive to keep them with us after we have them enrolled. The first pamphlet, that of "Wealth and

Banking," has been started under the leadership of G. W. C. Ross, who has been our instructor for a number of seasons.

EAU CLAIRE.

By E. A. Kirslager.

THE Eau Claire Chapter gave its annual banquet on November 5th at the Commercial Hotel, and it was one of the most successful in the history of the chapter.

The Banquet Committee, consisting of M. J. Leinenkugel, W. J. Selbach and Karl Kuehl, is to be congratulated upon the complete success of the banquet.

After the menu had been enjoyed, M. J. Leinenkugel read a report on the convention at Dallas, Tex., in September, and of his many experiences while on the trip.

District Attorney Fred Arnold, our class instructor, was next called upon. Mr. Arnold explained the value of the study course, and said it could be compared with any course offered by the universities, and that it was better than those offered by most correspondence schools. He also stated that the banker was in many ways taking the place of a lawyer. In former years people went to a lawyer for advice, but now they usually go to their banker.

M. E. Baumberger, Assistant Cashier of the Union National Bank, covered nearly the same ground as Mr. Arnold, but went more into detail, pointing out the various advantages and value of the course.

W. K. Coffin, President of the Eau Claire National Bank, urged all the bank clerks to take up the course that they may become more familiar with the different branches of work in the bank and be able to answer intelligently questions regarding the banking business.

Quite a large class in Banking and Finance has been started and are working under Mr. Arnold, our former instructor, who is a man of wide experience and has a thorough knowledge of the business.

The graduates have started work on the post graduate course, and soon expect to have a few "Associates of the American Institute of Banking."

HARTFORD

By Calvin C. Bolles.

POPULARIZING Thrift" was the subject of E. G. McWilliam's decidedly interesting talk before our chapter on November 17th. A great deal of Mr. McWilliam's personal enthusiasm was transplanted in the hearts and minds of the boys. During our too short period of being host, Mr. McWilliam had a chance to see our fair City at its finest, for we furnished a good spicy morning for an auto ride.

The large crowd that was on hand to hear the talk, also enjoyed a few humorous readings by William A. Willard of the Mechanics Savings Bank. The famed "Sherwood Quartet" told us that it was a "Long,

Long Way to Tipperary," as well as rendering several other songs in a fine manner.

While we are on the topics of Chapter Nights it will not be amiss to urge every man, especially the younger "speed-merchants" to come out on Dec. 22 and take a shot at that handsome trophy cup the Burroughs people, through their R. M. Lane, have put up for the big prize. Last year, Ray Buck of the Connecticut Trust & Safe Deposit Company showed clearly that getting married has no noticeable evil effects on one's ability as an adding machine star when he won a leg on the handsome cup by tearing through a pile of one hundred checks in something like 1.24 $\frac{1}{2}$. Going some?

But two of our others came within a small fraction of a second to beating him out, and they both are out for blood this year. If you can list a hundred checks under ten minutes come into the game and have some of the fun. It's a fine experience to list checks before a crowd of your bank men, while three others hold the watch on you. If you don't care to compete, come up to the rooms just the same; cheer for your favorite, sing a little and enjoy some good smokes.

Following close in the wake of Arthur H. Cooley's being placed on the National Debate Committee comes the announcement of the formation of a Debate Section in Hartford Chapter. Our Vice-President, Wilbur F. Lawson is chairman and his committee includes that well known pair of debaters and debater-trainers, Newton W. Larkum and William J. Reed. Our fellows are planning several debates, the first one to come at a Consul dinner in the near future. All this preparation leads to the one big feature of the winter, our public debate with New York Chapter's crack trio. We are out to give them a run for their money—every minute.

Our recent talk on Thrift and Publicity has indirectly been the means of our naming a "Committee of Public Affairs." Men from our chapter will talk on banking subjects before church and neighborhood clubs, and thus fulfill the idea of the National Committee on Thrift and Publicity.

Standing well to the fore in our year's work is the banking class which draws an average of fifty men every class night. Professor Kleene is proving immensely popular and the fellows are taking a keen interest in the work. The next two or three lessons will include the Federal Reserve Act. Our instructor has made a thorough study of the Act and will give clearly the digest as seen by an expert economist. Not a man in any bank can afford to pass up this golden opportunity to learn of this bit of legislation that means so much to bankers.

"Chapter Topics" is about to go to press for the third issue. Contributions from several men have been received, but we selfishly want more. In various exchanges we note that our efforts are meeting with the approval of other chapters. We appreciate very much the good feeling shown us in the other chapter papers.

Our treasurer, Clarence T. Hubbard, has an article in the December issue of "System" about the bookkeeping system in the Security Trust Co. You can well afford to read it.

KNOXVILLE.

By E. I. Brown.

KNOXVILLE CHAPTER has broken all previous records of enrollment since its organization, and is getting down to business better than ever before. One of the reasons this large membership is possible, is on account of the enthusiastic hard work of the membership committee. Within the last two months, since we have opened for the winter, thirty-eight new members have been added to the chapter.

The most striking feature in our chapter is the remarkable growth in attendance at our study classes. We have the largest class in the history of the local chapter, and each member seems determined to pursue the course to the end. Many business men outside of the banks are taking advantage of the course, and one now sees a large sprinkling of credit men of our city, who are not slow to see the benefits to be derived from the institute. These meetings are also bringing out a large number of our older members, who through personal experience, realize the advantages of the course.

At our open meeting in November, we were fortunate to have with us H. M. Johnston, President of the Union National Bank of Knoxville, who delivered an interesting address upon the New Regional Reserve Banks which were opened for business November 16. Mr. Johnston's address was most instructive and helpful in giving us a clearer and better understanding of the law. The most difficult portions of the act were explained and a very clear exposition of the finer points were made. At the close of the address a few minutes was spent in asking questions, and by the number that came from the fellows, it showed that they were intensely interested. Mr. Johnston complimented the local chapter on its work and hoped that every bank clerk in the city would become a member, and take advantage of the educational courses.

The program committee is trying to make the open nights as instructive and entertaining as possible, and hope to have prominent bank officials and business men address several of the meetings. The annual adding machine contest which will take place soon is creating much interest, and already several of the boys are reeling off yards of their banks adding machine paper, getting up speed for the occasion, and it is thought many fast records will be made.

MINNEAPOLIS.

By S. J. Fitzsimmons.

AT our next regular meeting to be held Dec. 8th, we are to hear addresses on two timely topics which are of vital interest to almost everyone. Allen D. Albert has accepted our invitation and will speak on the European war. A. V. Gardner has also accepted our invitation and has chosen the War Tax Bill as his subject. We are indeed fortunate in securing such able speakers and in having an opportunity to hear them on such important subjects.

At the last meeting held Nov. 5, our delegates to the Dallas Convention were asked to report. They could not say enough in their endeavor to impress on our minds what the Institute means and the large scope of its activities. They were also lavish in their praise of the splendid way in which they were entertained.

By the time this has been received for publication, the big football game between the Minneapolis and St. Paul Chapters, on Thanksgiving Day, will have been decided. We expect our team will win, for the players have worked hard toward that end. Last year it was our misfortune to lose to St. Paul, but we don't propose to have the same mistake made twice in succession. Nicollet Park has been secured for the game and a large attendance is expected. As the St. Paul team will be accompanied by some loyal rooters, some excitement may be looked for.

NASHVILLE.

By Leon M. Savell.

NASHVILLE CHAPTER held an excellent meeting Tuesday night, November 6th. A feature of the program was a blackboard lecture by Bradley Currey of the Fourth and First National Bank on "General Books." The program committee had inaugurated this policy as a means of more thoroughly fixing the principles laid down in our educational course and at the same time be of interest to those who do not care to join the classes. We were also favored with an excellent paper on "Present and Future Conditions affecting our Commerce resulting from the European War" by Parkes Armistead. He was extended a vote of thanks for his painstaking research and careful study in producing such an instructive treatise. DeWitt Carter also gave a very comprehensive outline of the "Cotton Loan Pool." As stated above, it is our purpose to make our programs as instructive as possible and it is also our plan to secure special speakers to address us on such subjects as affect financial and trade relations both at home and abroad.

Our next program also promises to be good with another discussion on the Federal Reserve Act. This time it is to be divided into four sections and a speaker assigned for each part. We believe in thoroughness and this is one way to accomplish it.

Everyone is enthusiastic about the "Economics" class. As I stated before, we intend to do the thing right and in keeping with this policy, we took up the study of "Bank Accounting" in an exhaustive way.

It is also our purpose from time to time to have head men from the various departments of banks to lecture on various phases of bank work. One of the questions on our first test was to make out a statement of a National Bank with a given capital. Dr. Dyer of Vanderbilt is now with us, having given the first lecture in "Wealth and Banking" November 24th. He has a most pleasant manner and is also convincing. Dr. Dyer is one of the first men of the South on the subject of "Economics."

NEW ORLEANS.

By Raoul Prudhomme.

MUCH interest is being manifested by local chapter members in the outcome of the debate to be held in the early part of next month. The subject "Resolved that it is to the best interests of Louisiana State Banks to join the Federal System" is a very timely one, and the known ability of the participants on either side assures us of a very interesting discussion. The coming debate will be the first held by the chapter for the last few years, and we are very pleased to note the encouraging manner in which the chapter has responded to our efforts to foster and increase the enthusiasm in this very important line of chapter endeavor. The present debate will be but the forerunner of a series of interesting debates now under consideration.

The governing board has now under consideration the building up and improvement of the Chapter Library and would very highly appreciate the donations of any volumes on banking, finance, or any kindred subject. E. F. LeBreton of the Canal Bank has been appointed Librarian and under his capable direction we are certain that it will only be a short time before we have a large and useful circulating library.

All New Orleans rejoices in the appointment of J. B. Pike as Cashier of the Federal Reserve Bank at Atlanta. Mr. Pike was formerly Assistant Cashier of the Hibernia Bank & Trust Co. and was very highly thought of locally.

NEW YORK.

By James M. Squier.

DURING the last few years New York Chapter has been so occupied with its educational work that it has not had much time to devote to social activities. Three or four times a year, however, it relaxes from its educational grind long enough for its members to get together for a gathering, when all business cares and banking problems are cast aside and the men give themselves up to an evening of pleasure and fun. Such an occasion was the evening of Wednesday, November 25th, when the annual dance of the chapter was held in the Grand Ballroom of the Hotel Plaza, which was taxed almost to its capacity of two hundred couples by chapter members with their wives and sweethearts. The Entertainment Committee in charge of Chairman Manchon had left no stone unturned to make this the most successful dance ever given by New York Chapter, and that they achieved their purpose was enthusiastically asserted by everyone present. Good music, good fellowship, good punch, and a live Reception Committee working in conjunction with the Entertainment Committee, helped to make the evening pass all too quickly, and when the last dancer had left in the wee small hours of morning it was once again demonstrated that New York Chapter men can play just as hard as they work.

The next big social event on New York Chapter's program will be the annual banquet, which will be

held in the Grand Ballroom of the Hotel Biltmore on the evening of February 13th. While it is a little early to announce particulars concerning this, it is stated that the committee is working hard to secure some of the very best speakers in the country—men who are worth while and whom it will be a treat to listen to.

Since our last chaptergram appeared, the announcement has been made of the promotion of another New York Chapter man, Joseph A. Broderick, to the position of Chief of the Division of Audit and Examination of the new Federal Reserve System in Washington, D. C. This will be welcome news to the many friends of Mr. Broderick throughout the country. Mr. Broderick is a member of the Board of Governors of the chapter, and was leader of the Forum class last winter. He has been a member of the chapter for a number of years and has always been a hard worker, both in the chapter and the Institute at large. For the last several years Mr. Broderick has been connected with the New York State Banking Department, having charge of the Credit Bureau, while just recently he served on the Preliminary Organization Committee of the Federal Reserve Banks. To Institute men this is but another evidence of the important place which the Institute is rapidly assuming in the banking affairs of this country. While we are sorry to see Mr. Broderick leave us, yet we are glad that this new honor has come to one who is so deserving of it.

On Tuesday evening, November 24th, in celebration of Mr. Broderick's appointment, the past-presidents of New York Chapter gave him a dinner at the Transportation Club. During the course of the evening a little remembrance in the shape of a gold watch fob was given Mr. Broderick. On one side this bore the Institute pin, while the following inscription was on the other side: "To Joseph A. Broderick, in appreciation of long and unselfish service for the bank men of New York, from the past-presidents of New York Chapter, A. I. B. November 24, 1914."

Our various activities along educational lines are now in full swing and interest in the various classes continues unabated. Our Forum class, with E. G. McWilliam in charge, is meeting every two weeks and is taking up the operation of the Federal Reserve Banks and foreign exchange.

During the past month the second year class have been studying contracts under the able leadership of Milton W. Harrison, and will finish the first part of their course on December 17th with a lecture on Bailments. On January 7th, after the Christmas vacation, they will commence the second part of the course, consisting of twelve lectures on Negotiable Instruments by Prof. John W. Edgerton of Yale University. To those of us who had the pleasure of listening to Prof. Edgerton last year this is a welcome announcement, while to the new men who have not been privileged to hear him we can give assurance that they have a treat in store.

In the first year class, Prof. C. A. Greene of the Polytechnic Institute of Brooklyn, who has been giving a series of four lectures on American banking history and legislation during November, will close his talks on December 8th. On December 15th, Prof.

H. M. Jefferson of the Alexander Hamilton Institute will begin a series of six lectures on Bank Organization, Administration and Bank Accounting, which will run through January. On Friday evenings the class in Business English and Elementary Practical Banking, under Dr. F. M. Whitehall of Stuyvesant High School, and our president, O. Howard Wolfe, is making rapid progress and the attendance continues well up to the enrollment.

It is with sorrow that we announce the bereavement of one of our past-presidents, Jason A. Neilson, he having lost his wife on Friday, November 20th, following an operation. Institute men throughout the country who had the pleasure of meeting Mr. and Mrs. Neilson at the various conventions will join with New York men in extending their sympathy to Mr. Neilson in his loss.

Our Debate Section is holding meetings twice a month, at which time very interesting discussions are had on various topics. New men are being added at each meeting and everyone is taking a live interest in the work. Chairman George W. Wright announces that they have received and have accepted a challenge from Philadelphia Chapter for a debate to be held in New York. The subject and the time of the debate will be announced later, but it will probably take place the latter part of January or the early part of February. Philadelphia men, look to your laurels, for the New York men mean business this year.

On November 17th, E. G. McWilliam, one of our former presidents, addressed the men of Hartford Chapter on the subject of "Popularizing Thrift." "Mac" reports having had a dandy meeting and of being royally entertained by the Hartford boys.

President O. Howard Wolfe has appointed the following men as a Committee on Public Affairs: W. H. Kniffen, Jr., of "The Bankers' Magazine"; Blinn F. Yates, of the United States Mortgage & Trust Company; Wellington E. Bull, of Swartwout & Appenzellar; F. W. Ellsworth, of the Guaranty Trust Company of New York; and E. G. McWilliam, of the American Bankers Association. The purpose of this committee will be to provide trained speakers on banking subjects to appear at various public meetings, before schools or wherever there is a gathering of people who want information on banking matters.

OAKLAND.

By Thomas Jenkins.

OAKLAND CHAPTER was honored by a visit from the Educational Director, November 12th.

As the Pacific Coast is quite a way from Mr. Allen's headquarters, we more than appreciate his visits, even though they are far apart, and his presence always guarantees something good for the American Institute of Banking, of which Oakland Chapter is proud to be a part.

Mr. Allen was met on his arrival by a committee headed by our president, J. S. Killan, who, with Golden L. Downing, Arthur Caldwell and George Sleeper, took him in charge, and after an automobile trip to various places of interest around the Bay, he was entertained at the Oakland Hotel with a little

dinner given him by about thirty members of Oakland Chapter.

At night there was quite a large attendance to listen to a most able address along the lines of bank men's efficiency and what the Institute stands for. After listening to Mr. Allen, it would seem that most any bank man with the least ambition would make it his object to secure a certificate.

Thursday evening, November 18th, the members of Oakland Chapter listened to a talk on Applied Psychology, delivered by George E. Hilton, of Washington, D. C. He was entirely familiar with his subject and those who took advantage of the opportunity were much pleased and benefited.

Our class in Banking and Finance, under the supervision of the University of California, with Prof. I. B. Cross as Director, is well attended, having an average of about forty members present each Tuesday evening.

PHILADELPHIA.

By William A. Nickert.

WITH the November open chapter meeting, the activities of the chapter may be said to be in full swing. At this meeting which was held Friday evening, November 6th, we had as our guests, Wm. A. Law, President of the American Bankers Association, Wm. S. Evans, President of the American Institute of Banking and Col. F. E. Farnsworth, General Secretary of the American Bankers Association. Both Messrs. Law and Evans are members of Philadelphia Chapter, and the fact that they both hold the highest offices within the gift of their respective Associations, creates both an unusual and novel situation, and Philadelphia Chapter is justly proud of them.

Mr. Law briefly reviewed some "Current Banking Problems" including the inauguration of the Federal Reserve Act, the Clafin Failure, the Foreign Exchange and other problems, resulting from the European war and, in closing, made a very strong plea for an increase in the freight rates for the Eastern Railroads. Mr. Evans dwelt upon "Institute Problems," paying special attention to the work of the "Public Affairs Committee." Col. Farnsworth complimented us upon the work we are doing, said some very flattering things about our city, closing with a suggestion that Philadelphia invite the American Bankers Association to hold its 1916 Convention in this city. He stated that the A. B. A. was actually organized in Philadelphia in 1876, and has never met here since. This suggestion is in line with that of Past President Sartori of the Savings Bank Section of the A. B. A., who, in an address at the Richmond Convention expressed the hope that the 1916 Convention be held here, as it would celebrate the centennial of Savings Banks, the first having been opened for business in this city in 1816.

Philadelphia Chapter enjoys the reputation, and justly so, of having a number of past officers and older chapter members who still keep up their active interest in the chapter and attend its meetings. Recognizing this, President Evans has hit upon the

happy thought of having a number of them to constitute an "Advisory Committee." He therefore has appointed the following past presidents to serve in that capacity: J. G. Sonneborn Chairman, J. C. Frankland, F. B. Snyder, A. H. Jones and J. C. Knox. This committee is kept informed of special chapter problems, and, we feel that the movement is one that could be adopted with success by other chapters.

Our Educational Classes have now settled down to real earnest work, and we are gratified to announce that 280 men are enrolled in our various classes as follows: Banking Class 117; Trust Company Class 70; Post-Graduate Forum 35; Negotiable Instruments Class 15 and Public Speaking Class 43.

In connection with the Post-Graduate Forum, we have secured the services of Dr. E. M. Patterson of the University of Pennsylvania, to deliver a course of ten lectures on the "Federal Reserve Act." Two of these lectures have been given, and the interest in them was very keen.

The Membership Committee reports that, to date this season, we have added 176 new members to our roll. This nearly matches the record of last year, and it is very likely that this will be exceeded. Our total membership is now over 1,000 making Philadelphia Chapter, we are reliably informed, the second largest in the Institute.

Our second annual "Ladies Night" will be held on December 11th, in the Ball Room of the new Manufacturers Club. A musical program will be given by the well known Philadelphia Quartette, with Miss Jeannette Bromell, reader, as an added attraction. Following this there will be dancing from 10.30 to 1.00 A. M.

Plans for the Fourteenth Annual Banquet are well under way, March 6th, has been selected for the date, and an able committee headed by Carl H. Chaffee is now at work on the details. As usual the banquet will be held in the Bellevue-Stratford Hotel which has the largest hotel dining hall in the city, and which no doubt will be taxed to its capacity as in former years.

Another interesting feature of our work this year is our contemplated activity in the Public Affairs movement. Chairman David Craig announces that the following men have volunteered to present talks upon banking subjects before various Associations: "Why National and State Banks are Necessary," A. H. Jones; "What Savings Banks are for and how they are Operated," W. A. Nickert; "Postal Savings and Building Associations," J. C. Knox; "The Earmarks of a Wildcat Scheme," F. B. Snyder.

This movement promises much that is helpful both to the men doing the work, and the Associations addressed. There seems to be a great demand for public education upon fundamental banking operations and this work will, we hope, fill this need:

PITTSBURGH.

By W. A. Korb.

PITTSBURGH CHAPTER continues to enjoy probably the most successful season it has ever had. The membership in the Commercial and Banking Law class has increased to about 180, with

an average attendance of about 150. The course is being presented in a very interesting way and much benefit is being derived by the members of the class. This is shown by the close attention and numerous questions asked each night. The course in banking is also accomplishing very satisfactory results. The membership in this class has been increased to about eighty. The new high mark in the membership of the classes is indeed gratifying to the men of our chapter. It proves that the local young bank men are awakening to the possibilities for advancement which come as a result of a thorough knowledge of general business principles.

It was our privilege, in the last issue, to report the appointment of one of our members, D. C. Wills, to a high position in the Federal Reserve Bank of Cleveland. Since that time three more of our members have been chosen to fill positions in the same bank. Horace G. Davis, who until recently was an assistant bank examiner, has been appointed Secretary to Mr. Wills. M. J. Fleming, Auditor of the Farmers Deposit National Bank, will assume the duties of Auditor in the Cleveland Bank, and B. O. Hill, a past president and one of the most ardent workers in our chapter, goes to Cleveland as Teller. Pittsburgh Chapter will greatly miss the activities and good fellowship of these men. We wish them all possible success in their new positions.

PITTSFIELD.

By Chas. S. Shaw.

BERKSHIRE COUNTY CHAPTER has now entered upon the third year of its existence with a membership of forty-nine which is within one of last year's record. Our first meeting was held Sept. 29th and we have held them every other Tuesday evening since that date. At the last meeting Chas. W. Seager, Treasurer of the Berkshire Loan & Trust Co., gave us an interesting talk upon the subject of "Handwriting," taking the subject up more particularly from the standpoint of "Graphology" and "Forgery" work. Mr. Seager has made a thorough study of this science and has had a great deal of experience in court work along this line, having been called upon to testify as an expert, in numerous cases bearing upon disputed handwriting. He illustrated his points very graphically by the use of a small blackboard. After the conclusion of his talk the usual study work was taken up. This continued until 9.30 P. M. when a light lunch was served and cigars lighted for a social half hour.

The Park Club of Pittsfield has very kindly extended the privilege of using its rooms again through the coming year's work. This is a pleasant place to meet and the use of it is much appreciated by the members.

The chapter has been notified by the Institute offices that nine of our men have successfully passed the examinations on Part I of the study course. They are C. Roy Scott, Raymond C. Sears, Henry M. White and Samuel W. Johnson of the Agricultural Nat. Bank of Pittsfield; Harold D. Fletcher and John Hainesworth of the Berkshire Loan & Trust Co. of Pittsfield; Chas. S. Shaw of the Third Nat. Bank of

Pittsfield; Arthur E. Kemp of the North Adams Nat. Bank of No. Adams; and Guy Crosier of the Greylock Nat. Bank of Adams.

RICHMOND.

By Jesse F. Wood.

RICHMOND CHAPTER had a very interesting program at its last meeting. Hon. William Ingle, Federal Reserve agent and Chairman of the Board of Directors of the Fifth District Federal Reserve Bank, discussed in an interesting manner the country's monetary problems and predicted that many beneficial results will follow the institution of the Federal Reserve System. "The transition from the old to the new will result neither in disaster nor in making a heaven of this earth of ours," he said, discussing the probable effects of the inauguration of the new financial system.

"Those who have been permitted to follow the workings of the Federal Reserve Board in Washington," said Mr. Ingle, "understand thoroughly that the board economically is as good as if it had been named to care for the affairs of one of the great European banks, but that its members have been most careful in the exercise of the latitude given them in making definition and providing regulations as required by law. Helpful suggestions have always been welcomed and when ideas have not been accepted it has been for the reason either that they could not properly be fitted into some general plan had in mind or that they were probably selfish or obtrusive in character.

"The law when in operation will ultimately do away with 25,000 separate and distinct reserve funds held by as many banks the country over, each fund controlled either by the avarice or timidity of its particular owner in many cases, and result in the accumulation of the reserves of the country under what is to be the control of a single guiding agency—the Federal Reserve Board."

Mr. Ingle predicted that the present relations of business men and corporations will not be disturbed in the slightest degree, but, on the contrary, after the lapse of three years, it will likely be found that bank deposits with other banks will have been withdrawn for redeposit with the several Federal banks.

Hon. George Ainslie, Mayor of the City of Richmond, spoke on the subject "Shall the City Have a Plan?" He explained that heretofore the city has grown in a haphazard manner and that, in his opinion, some immediate steps were necessary. The city authorities are now considering bringing to Richmond a municipal exhibit designed to familiarize citizens with plans of development which have been adopted by other cities. The chapter went on record as favoring the project and pledged its support to the movement.

John M. Miller, 3d, receiving teller of the First National Bank, a member of the chapter, addressed the chapter along general lines and emphasizing some of the things which he said he thought every bank employee should bear in mind. The chapter proposes to have a brief talk by one member of the Institute at each of its regular meetings.

We are proud to note that thus far three of our Richmond Chapter members of the Institute have been given positions with the new Federal Reserve Bank located in this city. George H. Keese, assistant cashier of the Merchants National and member of the Executive Council of the A. I. B., will be assistant cashier; W. W. Dillard, teller in the American National, and Versal Blackburn, of the Planters National, will be tellers at the new institution.

ROCHESTER.

By Fay E. Wright.

SINCE Rochester Chapter began the work for the winter, as planned by the Educational Committee, there seems to be no chance for a failure. In our Banking and Finance class we have a membership of sixty-three out of a chapter membership of about one hundred. The work of our instructor, Prof. Jacobstein, speaks for itself in that we have an average attendance of fifty-nine in the class.

On Election Day we had the first of a series of factory visits which have been planned by the committee. About ninety bank men visited the Kodak Park Factory of the Eastman Kodak Company. Our party was divided into small groups and each group was provided with a special guide, who explained many of the processes of the manufacture of various kinds of goods.

Thursday evening, November 19th, we had an informal dinner at the Chamber of Commerce. There were present about ninety bank men. Following the dinner there was a very interesting talk by Carlos E. Henriquez-Gil on the South American Trade Conditions. Mr. Henriquez-Gil is a Spaniard and a graduate of the Royal College of Madrid. He has also been interested in a South American trade journal and is thoroughly familiar with the conditions in that country. After his address, Mr. Henriquez-Gil entertained us with quite a number of sleight-of-hand tricks.

SAN FRANCISCO.

By W. F. Gabriel.

DURING the last month chapter interest has centered around the visit of our esteemed Educational Director. Fortunately his visit came at the time of our annual dinner, at which he was our guest of honor, on November 11th. A large number of our members gathered at the temporary headquarters of the San Francisco Commercial Club, coming direct from the regular class in Banking. This Mr. Allen also attended and favored us with a few remarks at the close. The dinner proved a decided success, all enjoying the good fellowship that prevailed and the fine things to eat that were put before us in the course of the evening. Music was one of the enjoyable features, and during the dinner cards were passed around, on which the choruses of several popular songs were printed. All the boys enjoyed the entertainment thus provided, everyone taking part. So much for the actual dinner. Follow-

ing the lighting of cigars, our president, J. S. Curran, made a few remarks, announcing the subjects of the later speakers under the general topic of "Benefits Afforded by Membership in the Chapter." San Francisco is proud to relate that we were able to call on chapter men active in Institute work to address our annual dinner and were not required to approach the senior bank officials.

E. V. Krick, of the Savings Union Bank and Trust Company, was the first speaker, choosing for his subject "The Institute Certificate." He said in part: "The Institute Certificate represents the achievement of an accomplished educational course. It is issued by the American Bankers Association, American Institute of Banking Section. It certifies that the individual "Has completed the courses of study and passed the examinations provided by the American Institute of Banking Section, in the theory and practice of Banking, and such principles of Law and Economics as pertain to the banking business." It is signed on behalf of the American Bankers Association by three officers, and on behalf of the American Institute of Banking by a similar number of officers. The work represented by this certificate is composed of two courses, one in Economics, Banking and Finance, and the other in Law. Both courses are under the direction of the Extension Division of the University of California, one lecture in each course being given weekly. The qualifications necessary to procure one of these certificates are such that the holder cannot but possess a fund of knowledge regarding the subject. In order to gain the privilege of taking the examinations he must show an attendance of at least 50 per cent. of the lectures, and upon taking the examinations his papers must show that he has a fair knowledge of the subjects studied. Of course, it does not necessarily follow that because a man possesses a certificate he has absorbed all there is to know regarding these subjects, but it does represent that he has accomplished what the Institute intended he should acquire, and that it is a practical working knowledge of the principles studied."

Milton Clark, of the First Federal Trust Company, followed, speaking on "The Value of the Certificate to the Bank Man." He said, in part: "I think the time is not far distant when the fact that a bank clerk possesses the Institute Certificate will enhance his chance of gaining a position or promotion in a bank. As you know, all our educational work is under the direction of our Advisory Board, made up of our local bank officials. They know what work is being done; it is done with their approval, and they know the cost of the instruction to the chapter. It follows, then, that they highly approve of it and that they wish their clerks to benefit thereby. I know the chapter members now appreciate this work more than formerly. When we first started the educational work in our quarters, and for quite a while afterwards, we found it necessary to close the doors of the billiard room, so that noise from that room would not annoy those at the lectures. Now we don't have to coax the boys into the lectures. That is shown by the attendance. This year so far we have averaged forty-two at the Law class and fifty-eight at the Banking class. Now there is one other who will be glad to have the clerk possess a certificate. That is the man himself. I know of no better

quality for a man to possess than confidence, and confidence comes from knowledge, and from knowledge alone. It is now by no means an uncommon thing to see a man old in the service of the bank shelved to make way for a live one, and when that chance for promotion comes to you, I say, 'Be prepared; for now and here is a chance to prepare.'

William A. Marcus followed with a very able paper on "The Future of the Chapter." His remarks included the following statements: "Heretofore the Institute has confined its efforts to its own members. As its list of graduates grew, and as its educational benefits became more and more pronounced, the question arose, Why not include the general public? —so the president of the Institute, in November of last year, appointed a Committee on Public Affairs. This committee has set in motion the training of Institute men to speak on financial topics before clubs, schools, neighbor gatherings and public meetings. It is unquestionably true that a large percentage of the people believe there is something mysterious about banking. They do not understand the functions of banks; they do not know the uses of money and credit; they do not realize the necessity of laying aside for a rainy day. They often forget that the banker's prosperity is dependent upon their own prosperity, and too often they view with suspicion the banker who advocates the soundness of certain banking principles, or who sounds the note of warning of some dangerous legislation. It is the aim of the Institute to so qualify its members that they may be able to dispel this ignorance and prejudice and to teach habits of thrift to the people. In San Francisco Chapter during the past year we have had a dozen men preparing for this work, and just as soon as schedules can be arranged they will be ready to make addresses on such subjects as, The Federal Reserve Act, Money, Credit, Thrift, and other topics of general interest. These gentlemen who took up Public Speaking are convinced of its value. They went about it quietly and at their own expense to try it out. Now that the experiment promises to be successful, your Board of Directors is preparing to organize a new class in Public Speaking, open to all Institute members. Your president, I am sure, will gladly give you full particulars and I wish to urge Institute men to take up this study. In connection with Public Speaking is a Post Graduate work. This can best be conducted by the creation of a Chapter Forum where we can read the papers, have debates, and hold general discussions. The test of Post Graduate education is a preparation of a thesis on some prescribed subject in which the writer shows original thought and research. When our Institute men acquire the clear foresight, the judgment and the powers of persuasion necessary to bring about, through public addresses, habits of thrift upon the part of our people and to disseminate the principles of sound banking among the wage earners, business men and the community at large—when through our efforts a still brighter day shall dawn upon the financial world, then the people will realize the great usefulness of the American Institute of Banking."

Mr. Allen followed these speakers and delivered a very effective talk. He brought home to us very forcibly the importance of acquiring an education. How the Institute work systematizes what a man

knows and teaches him how to use it. I am sure his words inspired us all and that we went away resolving to do something; to take advantage of the opportunities afforded by the Institute, and be ready for bigger things when the time comes.

James K. Lynch, Vice-President of the American Bankers Association, and former Senator Duncan McKinley, made a few remarks very interesting to all, after which the dinner adjourned.

California's Building Dedicated at the Exposition Grounds.

Within the shadow of massive mission walls, in a setting that harked back to the days of the coming of the gentle padre, California's building at the Panama Pacific International Exposition was dedicated recently in the presence of hosts from all sections of the State. All the elements that entered into the occasion, the bright, mellow November weather, the splendor of the building, the many features of the program and the enthusiasm of the throngs, made the event probably the most auspicious of the pre-exposition period. The building is in the old mission style and covers approximately 350 feet by 675 feet. In form it consists of a towered main building, two stories in height and surrounded by an immense court. Its construction and furnishings will represent an outlay of considerably over half a million dollars. This will be the "Host Building" of the Exposition. It will contain the displays of the fifty-eight counties of California. This building, with its walled-in court and park, will cover about seven acres. The Woman's Board, an auxiliary of the Exposition, has assumed the responsibility of furnishing and maintenance and will have entire charge of its social administration.

ST. PAUL.

By W. J. Stutzman.

A MEMBERSHIP of two hundred and six, doubling that of last year, is the best proof of the progressive spirit of our chapter this year. Credit for this increase is due to the untiring efforts of our membership committee, headed by Mr. Ellingsen, of the First National Bank.

Our second dinner meeting of the season was held in the banquet room of the Merchants' Hotel, November 2d. A large and enthusiastic audience enjoyed the address of State Bank Examiner Mr. A. H. Turritin, who spoke on "Bank Examinations."

St. Paul Chapter celebrated Turkey-day by traveling over to our sister city to witness the annual football game. The speed of the St. Paul Chapter boys bewildered the heavier aggregation of Minneapolis and our team brought home the bacon to the tune of 13 to 0. St. Paul's goal line was never in danger. Thrills were furnished by the brilliant playing of Carl Zenzus of the National Bank of Commerce and Captain Larsen of the Merchants National.

The class in Banking Law is being well attended and a series of lectures by experienced men on the Federal Reserve Act will soon be under way.

SEATTLE.

By Lester R. McCash.

T HE educational committee of the local chapter has spent a hard month in organizing the work for the year, but results certainly have been accomplished. This year's class is the largest Seattle Chapter has ever had and is without doubt the most enthusiastic. Approximately one hundred members are taking the second year work under Prof. Cocke- rill of the University of Washington Law School.

The students are not alone in the interest shown. Last year two banks sent men to the Dallas convention as a reward for good work in the educational class. This year the same two banks and four others have agreed to send one or more to the convention at San Francisco, and more are expected to fall in line. The officers of the various banks realize the good work the chapter is doing and have taken this means of showing their appreciation and of stimulating further interest.

Thursday, November 19th, Seattle had the pleasure of entertaining George E. Allen, the Educational Director of the A. I. B. In the evening Mr. Allen gave an inspiring address on the aims and purposes of the A. I. B. along the educational lines. When he had finished, Mr. Peachy, cashier of the Seattle National Bank, arose and said that his bank would send the two men in his bank that took the highest honors in this year's work to the San Francisco convention, and that if these men were married the bank would also send the wives along. Mr. McVey, of the Metropolitan Bank, then stated that they would go the Seattle National one better and send along the baby. After the applause that greeted these announcements had subsided the boys were treated to another surprise in the nature of apple cider, doughnuts, and pumpkin pie. Mr. Allen stated that if anyone wished to know the definition of "Seattle Spirit" to refer them to him.

The chapter is planning some on starting a magazine. The details have not yet been worked out, but the opinion seems to be in favor of the idea, as several of the cities with less membership than Seattle are successful in such publications. A committee has been appointed and will make a report in the near future regarding the scheme.

SPOKANE.

By J. C. Alston.

S POKANE CHAPTER congratulates itself on its recent visit from George Allen, Educational Director of the A. I. B. Mr. Allen arrived on November 21st and was shown round the city in an automobile, after which he was entertained at a dinner given him by the executive council of the A. I. B. at the Spokane Amateur Athletic Club. Later in the evening Mr. Allen gave us a rare talk in the Chapter Room on the educational aims of the A. I. B. Mr. Allen's talk was greatly enjoyed, especially his humorous way of driving home an argument and pointing a moral. His visit has done much to kindle new interest in the A. I. B. work in Spokane Chapter, and we shall always be glad to give him a hearty welcome whenever he passes our way.

In addition to Mr. Allen's lecture we have had two very interesting lectures this month. On November 4th A. R. Traux discussed the Federal Reserve System. His lecture was suggestive and stimulating and he had a large audience. On November 11th Joseph Bailey, Cashier of the National Bank of Commerce of this city, read a very interesting paper on the "History of our Coin and Currency Policy." These lectures have brought out an extra large crowd of bank men in addition to those taking the regular course, and are proving a great success. The regular course in banking is now well under way and is making steady progress.

SYRACUSE.

By William A. Boyd.

THE program already outlined by Syracuse Chapter bids fair to make this an auspicious year in Institute work. The lectures in economics already given by Professor Frederick Roman, of Syracuse University, are so interesting and instructive that each meeting shows an increased attendance. In addition to this feature, a practical banking course, which is to be conducted by various local banking men, was inaugurated on Friday, November 20th, with a lecture by Albert B. Merrill of the Trust & Deposit Company of Onondaga. Mr. Merrill is the Secretary of Syracuse Chapter and opened the course, taking for his subject "Early American Banking." The subject matter was not only treated in a logical and instructive manner, but was delivered in a forceful and masterly way, indicative of the work that has already been accomplished by the class in public address, under the direction of Professor H. M. Tilroe of Syracuse University. The work accomplished by this class will undoubtedly have its good results in the lectures yet to be given by other local bank men. It is noteworthy that Mr. Merrill was requested to repeat the address above referred to before the Senior Class in "Economics" at Syracuse University. The address was supplemented with a brief discussion of the Federal Reserve Act and we are advised that it was not only well given but was also enthusiastically received.

In this same connection Syracuse Chapter is pleased to announce that in conjunction with the suggestion of the National Debate Committee, we are to have an inter-chapter debate with Utica on March 2, 1915. The subject of the debate is "Resolved, That the State of New York should enact a law compelling banks and trust companies to guarantee deposits." The negative side of the question is to be handled by Syracuse Chapter with Arthur A. White, Albert B. Merrill and Millard R. Ames as the regular team, with Robert B. Porter as alternate.

Since our last Chapter-gram appeared, we have been successful in inaugurating a Forum class, the charter members of which are to be made up of the nineteen Institute graduates, to which will be later added such other bank men as may desire to take an interest in this work. Much enthusiasm is being shown in this new departure.

We regret to announce the loss of our chapter librarian, Alfred L. Wise, who has so faithfully served Syracuse Chapter since its organization. Mr. Wise having made considerable fame for himself as a rapid fire orator, has actually gone into the manufacture of guns; the fact being, that he has resigned his position with the City Bank to accept the treasurership of the Hunter Arms Company of Fulton, N. Y. We congratulate Mr. Wise and wish for him the largest measure of success in his new venture. Robert B. Porter of the Trust and Deposit Co. of Onondaga succeeds Mr. Wise as Librarian.

WHEELING.

By William W. England.

TUESDAY evening, Nov. 17th, Wheeling Chapter had the pleasure of hearing an address on "The War Situation," by Oliver G. Beans, of the law firm of Bradshaw, Blackford, Beans and Ritz of our city. The address was very interesting and was enjoyed by all present.

The study class, on Part II. has been progressing under the instruction of A. C. Schiffier, our law instructor.



1
e
e
e
r
te
g

er
ed
ise
phi
of
on
the
tu
e of
the
7ise

apter
"The
law
' our
s en-
ssing
v in-